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Officials React to UN Resolution on Iraq

OW2609061290 Tokyo KYODO in English 0208 GMT 25 Sep 90

[Excerpt] New York, Sep 25 (KYODO)—The United Nations Security Council [UNSC] voted 14-1 Tuesday to step up international sanctions against Iraq, including a ban on most air traffic.

Cuba was alone in opposing the new resolution during the U.N. Security Council meeting attended by the foreign ministers of the five permanent member countries, the third time in the world body's 45-year history.

"The decisions taken at this meeting, like those to which they are a sequel, will have a momentous significance well beyond the crisis that has formed their context," U.N. Secretary General Javier Perez de Cuellar said. "The power at the disposal of the Security Council is the power commanded by the solidarity of nations opposed to the transgression of the charter of the U.N.," he said, adding he is still hopeful "this crisis is peacefully resolved."

Japanese Foreign Minister Taro Nakayama hailed the latest UNSC resolution. The action, he said, "shows that the world, under U.N. leadership, can stand up against a clear violation of international law." He called on all members of the world community to fully implement the measures endorsed by the UNSC, while expressing his hope for a peaceful resolution of the Gulf crisis.

Drafted by Canada, Ivory Coast, Finland, France, Romania, the Soviet Union, Britain, the United States, and Zaire, the resolution was the latest in a series of UNSC resolutions aimed at achieving the pullout of Iraqi troops from Kuwait. The fresh resolution reaffirmed the Security Council's determination "to ensure compliance with the Security Council resolution by maximum use of political and diplomatic means."

It also spelled out a decision by U.N. member countries to impose an air embargo against Iraq. Under the embargo, member states would "deny permission to any aircraft destined to land in Iraq or Kuwait, whatever its state of registration, to overfly its territory," unless the plane first agrees to land at an airfield specified by the member state to "permit its inspection to ensure that there is no (restricted) cargo on board."

The embargo resolution also specifies that all states "shall deny permission to any aircraft to take off from their territory if the aircraft would carry any cargo to or from Iraq or Kuwait other than food in humanitarian circumstances... or supplies intended strictly for medical purposes..."

The 14-1 vote came after Soviet Foreign Minister Eduard Shevardnadze strongly criticized the Iraqi invasion and annexation of Kuwait as "a major affront to mankind." [passage omitted]

List of Farm Subsidies Presented to GATT

OW0510030390 Tokyo KYODO in English 0232 GMT 5 Oct 90

[Text] Geneva, Oct. 5 KYODO—Failure by the United States, the 12-nation European Community (EC), and many other countries to file proposals to cut farm subsidies by the deadline is delaying progress in multilateral trade talks, sources at the General Agreement on Tariffs and Trade (GATT) said in Geneva on Friday. The global talks, known as the Uruguay Round, are expected to resume after October 15.

Some 100 countries were due to submit their reports on protection of their agricultural markets to GATT by October 1, but only 11 nations, including Japan, Canada, and Singapore, have so far done so. With the approach of the December deadline for completion of the trade round, the four-year talks have been snagged due to differences between the U.S. and the EC over how to slash trade-distorting farm subsidies.

Backing down from its original call for total abolition of farm subsidies over the 10 years, Washington now wants a 70 percent reduction over the next decade. The U.S. proposal is still viewed as too radical by European countries, which are considering a 30 percent cut in farm support.

Neither the U.S. nor the EC have yet officially filed their reports.

Japan's report included a detailed list of its farm support measures and a package of plans to cut its farm subsidies. It proposed a 30 percent reduction of all agricultural support provisions over 10 years retroactive from 1986, with a 5.4 percent cut on total government subsidies on three cereals, including rice. The Japanese plan has already drawn fire from other countries, especially from food exporters such as Australia. They complained that Japan failed to propose to convert its ban on rice imports into tariff-based restrictions, as recommended by GATT's agricultural working group in July.

Cochairmen Agree on Reconvening Cambodian Talks

BK1010135590 Hong Kong AFP in English 1327 GMT 10 Oct 90

[Text] Jakarta, Oct 10 (AFP)—Indonesia and France, co-chairmen of an international conference on Cambodia, have agreed on gradual steps to reconvene the meeting, Foreign Minister Ali Alatas said here Wednesday. Mr. Alatas said that he and his French counterpart, Roland Dumas, had agreed that the Paris International Conference on Cambodia "should be reconvened as soon as possible, but it should be carefully prepared."

The two ministers met September 25 while attending the United Nations 45th General Assembly in New York, Mr. Alatas said shortly upon arrival here. "It has been agreed to hold three phases of meetings in Jakarta and Paris," Mr. Alatas said.

The Paris conference was suspended last September after the warring Cambodian factions failed to agree on a power sharing arrangement.

The Indonesian minister said that the first phase would involve a working meeting with the aim of defining a framework for a comprehesive settlement to the 11-year-old conflict. The second phase would be a meeting of the coordinating committee, which consists of senior oficials from all member countries, during which they were expected to discuss the framework and formulate a draft. The third phase would see foreign ministers of the member countries finalize and sign the text, Mr. Alatas said.

Mr. Alatas said that tentative time frames had been set for the three meetings, with the first phase in late October or early November, the second phase in mid-November and the third in December. Except for the third phase, which would be held in Paris, the venue for the two other meetings had yet to be decided upon, he added.

Mr. Alatas said foreign ministers of the Association of South East Asian Nations (ASEAN) had met in New York and agreed on a resolution on Cambodia to be presented to the U.N. General Assembly. ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, has been in the forefront of efforts to seek a peaceful settlement to the Cambodian conflict. Mr. Alatas did not elaborate on the content of the resolution.

ASEAN Plans Optical Fiber Cable Network

BK2609004290 Hong Kong AFP in English 1430 GMT 25 Sep 90

[Text] Singapore, Sept 25 (AFP)—Member states of the Association of Southeast Asian Nations (ASEAN) will be brought closer together as a result of the signing here Tuesday of agreements for an optical fibre cable network. The agreements on construction and maintenance of the first three links of the network linking Brunei, Malaysia, the Philippines and Singapore were signed by ASEAN chiefs of telecommunications authorities and signatories from other countries including Australia, Britain, Canada, Japan and the United States.

"It will certainly draw the ASEAN partners closer together, not only economically but also socially and culturally," Wong Hung Khim, Singapore Telecom president and chief executive, said at the signing ceremony.

He said that this optical fibre cable project "is significant as it spells the possibility of introducing a range of new services for our customers while good telecommunications facilities have always been an essential ingredient for economic growth."

Mr. Wong told his guests the Kuantan-Kota Kinabalu system spanning east and west Malaysia would be commissioned in December while the Brunei-Singapore cable would be ready for service by the end of 1991. The Brunei-Malaysia-Philippines cable was expected to be ready in the first quarter of 1992 as it was "however slightly more complex", Mr. Wong added.

The cost of the three systems with a total length of about 4,550 kilometres is estimated at 200 million U.S. dollars, Mr. Wong said. The three systems are part of an entire network costing 320 million U.S. dollars that will be completed by 1995.

The entire network will also link Singapore with Kuantan in west Malaysia, Jakarta in Indonesia and Phetchaburi in southern Thailand.

Mr. Wong said that Singapore Telecom planned to invest another 250 million U.S. dollars in other optical fibre submarine cable systems over the next five years to take advantage of booming economic activities in the region. He highlighted a recent magazine report quoting an American analyst who estimated that by 1996 world investment in optical fibre submarine cables would exceed 11 billion U.S. dollars with more than half of this in the Asia-Pacific region.

Japan

DPRK Releases Seamen After 7-Year Detention

OW1110021990 Tokyo KYODO in English 0159 GMT 11 Oct 90

[Text] Pyongyang, Oct. 11 KYODO—North Korea on Thursday freed two Japanese seamen it detained for seven years for alleged espionage, after two visiting Japanese politicians offered thanks to North Korean President Kim Il-song for his "cordiality" on the release.

Japan's ruling Liberal Democratic Party (LDP) Secretary General Ichiro Ozawa, and Takako Doi, chairwoman of the Japan Socialist Party (JSP), are bringing home Isamu Beniko and Yoshio Kuriura, skipper and first mate of the Japanese freighter No. 18 Fujisan Maru, aboard a chartered aircraft which left Pyongyang shortly after 9:30 A.M.

Beniko and Kuriura will be hospitalized for health checks immediately after a reunion with their families at Tokyo's Haneda Airport shortly before noon, Japanese officials said.

With the return of the two seamen, Japan and North Korea have finally settled one of the thorny issues impeding improved bilateral relations, clearing the way for intergovernmental negotiations on establishing diplomatic ties, expected to begin next month.

At North Korea's strong request, Ozawa and Doi agreed to jointly issue a statement expressing thanks to the ruling Korean Workers Party for the release of the two seamen. The release had been agreed in principle during a visit to North Korea in late September of another LDP and JSP mission.

The release was finalized following Kim's assurances that "judicial procedures" have been cleared.

LDP sources accompanying Ozawa said the rather short statement also included a pledge that Japan will never repeat incidents construed as "espionage," and that the release of the seamen will be regarded as a stepping stone to promoting bilateral friendship.

North Korea insisted that the two seamen were spies released only through a special presidential measure by Kim. North Korea's CENTRAL NEWS AGENCY reported that the two Japanese were released by a decree of amnesty, according to a Pyongyang radio broadcast monitored in Tokyo by Korea News Service

Beniko and Kuriura were arrested in November 1983 after a North Korean soldier stowed away to Japan aboard their vessel during an earlier port call to North Korea. They were sentenced to 15 years of "reformation through labor" in 1987. Japan repeatedly called for the release of the seamen on humanitarian grounds.

North Korean officials sought Japanese assurances that the two seamen will refrain from making remarks and behaving in a manner harmful to bilateral relations. But Ozawa rejected such proposals, saying they would threaten the freedom of speech of the two Japanese.

Hashimoto Reiterates Peace Efforts at Review

OW0710045590 Tokyo KYODO in English 0308 GMT 7 Oct 90

[Text] Tokyo, Oct. 7 (KYODO)—Japan will actively continue to back up international efforts to restore peace and stability in the Persian Gulf, Japanese Finance Minister and Acting Prime Minister Ryutaro Hashimoto said Sunday. Hashimoto, speaking in place of Prime Minister Toshiki Kaifu at an annual military review, denounced Iraq for violating international law and invading its oil-rich neighbor Kuwait.

Hashimoto is acting as prime minister in the absence of Kaifu who is currently on a 12-day tour of the United States, Egypt, Jordan, Turkey, Saudi Arabia, and Oman through Tuesday.

The 90-minute military review, 40th since 1951, was held in the ground Self-Defense Force (GSDF) training range in Asaka, Saitama prefecture, north of Tokyo.

The finance minister said Japan needs to maintain security arrangements with the United States and to continue building up "high-quality and appropriate" defense capabilities. He welcomed rapid changes in Europe which he described as "historic," pointing to major foreign and domestic policy changes in the Soviet Union, democratization of East European countries, and unification of Germany.

Hashimoto said the overall situation is complex, unstable and fluid in Asia compared with Europe and that the military situation in Asia is severe because of the presence of the huge Soviet Far Eastern forces. He reaffirmed there is no change in Japan's basic policy of banning the possession, manufacture, and introduction of nuclear arms into its soil.

"Japan will never be a major military power that may pose a threat to other countries," he said.

A ceremonial squad of the GSDF gave Hashimoto the traditional ruffle and flourish salute as he arrived in the military training range. After a drive-by inspection of troops with State Minister for Defense Yozo Ishikawa, Hashimoto spoke to 4,900 ground, maritime, and air officers.

This year's review took 4,914 troops, 261 vehicles, and 112 aircraft to the Asaka Military Training Range. A total of 536 National Defense Academy students also marched before the reviewing stand.

Kaifu was the first prime minister to be absent from the annual military review in 26 years, after Hayato Ikeda who did so in 1964.

Draft UN Cooperation Bill Presented to LDP

OW1110092190 Tokyo KYODO in English 0836 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—The government Thursday presented to the ruling Liberal Democratic Party (LDP) a draft of its U.N. Peace Cooperation Bill allowing Japan's Self-Defense Forces [SDF] to be sent overseas to assist U.N. peacekeeping activities, party officials said. The LDP's divisions on national defense and foreign affairs will study the bill before the party officially decides whether to grant its approval.

The legislation would allow a "Peace Cooperation Corps" to be sent abroad to cooperate in activities in response to U.N. resolutions to secure peace and order and contribute to efforts for international peace by the U.N., the draft bill says.

The draft does not permit the Peace Cooperation Corps the use or the threat of force. It calls for establishment of a U.N. Peace Cooperation Council within the cabinet. It stipulates that the prime minister commands and supervises the U.N. Peace Cooperation Headquarters and leads the peace cooperation team.

The Peace Corps consists of government officials who hold their posts within their ministry or agency as well as being members of the corps.

The draft allows for the director general of the Defense Agency to dispatch SDF personnel to the corps when requested by the prime minister. SDF members within the corps would retain their SDF status.

The Peace Corps would be responsible for observing ceasefires, monitoring and supervising elections, transportation, communications, repair of equipment, medical services, and relief activities, the draft says. The draft calls for revision of related laws to enable SDF personnel to take part in Peace Corps activities.

The headquarters of the corps will be within the prime minister's office, government sources said.

The LDP plans to discuss the draft legislation at meetings of its Policy Board, the Policy Affairs Research Council, and its decision-making body, the Executive Council, after a joint meeting of its divisions on defense, foreign affairs, and the cabinet, party officials said.

Overseas deployment of SDF personnel has been the main point at issue in drafting the bill because Japanese laws are interpreted as banning the dispatch of troops abroad.

A month-long extraordinary Diet session will be convened Friday to discuss the legislation.

The Japan Socialist Party, the country's main opposition group, opposes participation of the SDF in the proposed Peace Corps.

U.S. Organization Demands Kajiyama Resignation

OW0610024390 Tokyo KYODO in English 0223 GMT 6 Oct 90

[Text] Washington, Oct. 5 KYODO—America's oldest black organization called for the resignation of Japanese Justice Minister Seiroku Kajiyama on Friday, saying his apology for remarks considered derogatory to blacks is not enough. Benjamin Hooks, executive director of the National Association for the Advancement of Colored People (NAACP), also demanded a formal apology from Japanese Prime Minister Toshiki Kaifu, the Japanese Embassy said.

Embassy officials said Hooks made the request in a letter that he hand-delivered to Japanese Ambassador Ryohei Murata on Friday.

Kajiyama has been in hot water for his recent statement after touring an entertainment district in Tokyo that "it's like in America when neighborhoods become mixed because blacks move in and whites are forced out." Kajiyama also reportedly said, "Prostitutes ruin the atmosphre in the same way."

A Japanese Embassy spokesman said letters of protests began to pour in from angry black people on September 24, and demonstrations have been held in front of the embassy since September 28.

In the meeting with Ambassador Murata, Hooks also called for the creation of classes on culture and history of African-Americans and cultural exchanges between Japan and African-Americans. Hooks also urged Japanese companies operating in the United States to hire more African-Americans while seeking contacts with the Federation of Economic Organizations (Keidanren) and other Japanese groups, Japanese diplomats said.

Murata was videotaped in a television show hosted by the Rev. Jesse Jackson on Thursday, and the show will be broadcast by 135 stations across the country. On Saturday, Murata will meet Rep. Ronald Dellums, the California Democrat who chairs the Congressional Black Caucus, Japanese officials said.

Kaifu Reprimands Minister

OW1110083690 Tokyo KYODO in English 0737 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—Prime Minister Toshiki Kaifu on Thursday reprimanded Justice Minister Seiroku Kajiyama for his discriminatory remark about American blacks last month, officials said.

Kaifu has already given a stern warning to Kajiyama, whose remark comparing American blacks to prostitutes has sparked outrage, including demands for his ouster, in the United States.

Kaifu scolded the justice minister again when they met at the prime minister's official residence following a regular cabinet meeting. At the meeting, Kajiyama apologized to the prime minister, saying his statement has "caused trouble" both in and outside Japan.

"When I was in New York last month, I learned that the remark had caused a great sensation in the United States," Kaifu was quoted as saying. Kaifu noted that he was questioned by many U.S. reporters on the matter.

The prime minister visited New York to attend the U.N.-sponsored world summit for children on September 30.

Trade Minister Muto Leaves for U.S. Visit

OW0610060890 Tokyo KYODO in English 0554 GMT 6 Oct 90

[Text] Tokyo, Oct. 6 KYODO—International Trade and Industry Minister Kabun Muto left Saturday for the United States to meet U.S. Government and congressional leaders.

Muto is en route to Newfoundland, Canada, where he will attend trade talks among four major economic powers slated for next Thursday through Saturday, a government official said. He will stay in Washington until Wednesday, and meet with State Secretary James Baker, Trade Representative Carla Hills, Commerce Secretary Robert Mosbacher, and other U.S. Government officials.

He will then go to Saint John's in Newfoundland for three-day trade talks with trade ministers and representatives from Canada, the United States, the European Community (EC), and Japan, aimed at paving the way for smooth completion of the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

Muto is scheduled to return on October 14, the official said.

Meets With U.S. Officials 9 Oct

OW1010044090 Tokyo KYODO in English 0307 GMT 10 Oct 90

[By Shiro Yoneyama]

[Text] Washington, Oct. 9 KYODO—U.S. Secretary of State James Baker called for the opening of the Japanese rice market Tuesday, telling visiting Trade Minister Kabun Muto that Japan needs to be a "major player" in the world both politically and economically.

Muto, minister of International Trade and Industry [MITI], heard a similar plea from U.S. Trade Representative Carla Hills in a separate meeting, Japanese officials said. A Japanese trade official said after the luncheon meeting between Muto and Hills at a hotel that Hills told Muto she was "very disappointed" by Japan's lackluster farm trade liberalization proposal.

"She referred to farm commodities, including rice," the Japanese official said.

Baker told Muto in a separate meeting that the U.S. wants Japan to come up with a more drastic agricultural trade liberalization policy under ongoing global trade talks, another Japanese official said. Baker specifically called on Japan to open up its markets in rice and dairy products, the official said, speaking on condition of anonymity.

Agriculture is one of the most nettlesome issues under the Uruguay Round of multilateral trade talks in which 100 countries have been participating since the start of the new round of the General Agreement on Tariffs and Trade (GATT) in 1986. Japan, citing a parliamentary resolution for a ban on rice imports, has so far resisted overseas pressure to open up its rice market.

Additionally, the official said, Baker called for a review of Japan's current "bidding process" involving construction and architectural services, indicating the seriousness of the dispute over the Japanese construction market.

Muto arrived here from New York on Monday before attending a meeting of trade ministers from the U.S., Japan, the 12-nation European Community, and Canada in St. Johns, New Foundland, on Thursday through Saturday. The quadrilateral trade ministers meeting will be the last among the world's four largest trading blocs prior to a concluding ministerial meeting on the Uruguay Round in Brussels in December.

In its farm market trade liberalization proposal, Japan has defended its virtual ban on rice imports based on "food security" considerations.

Baker, while hailing Japan's contributions to the U.S.-led multinational forces in the Persian Gulf and to the frontline states of Egypt, Jordan and Turkey, said the U.S. expects Japan to remain a "major player" as part of what he called a global partnership between Tokyo and Washington, officials said.

They said Baker also explained to Muto that he has worked for the opening of overseas markets, first as then President Ronald Reagan's chief of staff and treasury secretary, and now Bush's secretary of state.

The two countries recently concluded negotiations on trade in amorphous metals, and the first follow-up meeting on the Structural Impediments Initiative (SII) agreement is slated for October 15-16 in Boston.

Sen. John Danforth, a Missouri Republican who is on the powerful Senate Finance Committee, told Muto on Capitol Hill that the U.S. trade policy's success depends on the four-year Uruguay Round. "The Uruguay Round would be a failure without the successful conclusion of talks on trade in agriculture," a Muto aide said Danforth told the trade minister.

Muto started his Tuesday schedule with a morning meeting with former Secretary of State Henry Kissinger who attributed the causes of Japan-U.S. trade friction to a differential in Japanese and U.S. productivity. Muto told Kissinger that Japan is prepared to support the democratic reforms in Eastern Europe and the Soviet Union as part of a "global partnership" with the U.S., a Japanese official said.

Muto also held separate meetings with Energy Secretary James Watkins and Senators Bob Dole of Kansas and Albert Gore of Tennessee before having dinner with former U.S. Ambassador to Japan Mike Mansfield.

He will have a breakfast meeting with Commerce Secretary Robert Mosbacher on Wednesday before leaving for Canada.

Government Refuses To Reconsider Trade Proposal

OW1110103990 Tokyo KYODO in English 0744 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—Japan will not reconsider the package of farm trade reform measures it submitted to the multilateral trade talks under the General Agreement on Tariffs and Trade (GATT) last month, despite a U.S. call to do so, a government official said Thursday.

Shigeru Motai, vice minister at the Agriculture, Forestry, and Fisheries Ministry, told a press conference that the U.S. call for a more drastic farm trade liberalization plan from Japan will not cause Tokyo to review its proposal.

His remarks came as a response to a renewed U.S. request that Japan make its farm trade proposal more attractive for the United States, which was made Tuesday to Japanese International Trade and Industry Minister Kabun Muto, who was visiting Washington.

Secretary of State James Baker reiterated a U.S. call for Japan to open its rice market, and U.S. Trade Representative Carla Hills told Muto that she was disappointed by Japan's lackluster liberalization proposal on farm trade. Baker reportedly asked Muto to reconsider the Japanese offer, and come up with a more drastic proposal.

Japan submitted in September a detailed list of its domestic farm-support measures and a package of farm trade reform plans to the GATT farm negotiations for the Uruguay Round of multilateral trade talks. The package includes Japan's pledge to cut 30 percent of all agricultural subsidies over 10 years, and a specific plan to trim the government's total subsidies on three cereals—rice, wheat, and barley—by 5.4 percent over seven years.

The participants in the GATT farm talks are required to submit their proposals on farm trade reform by October 15. Neither the U.S. nor the European Community (EC) have put their offers on the table yet. Motai said the countries should make their offers by the deadline agreed upon by the participants.

Government Ready To Offer More Tariff Removals

OW1110064790 Tokyo KYODO in English 0614 GMT 11 Oct 90

[By Shiro Yoneyama]

[Text] St. John's, Canada, Oct. 11 KYODO—Japan is poised to add several hundred items to a list of products subject to mutual tariff elimination with other trading partners, a senior Japanese official said Thursday. His remark came just before the start of a three-day meeting of trade ministers from the United States, Japan, the 12-nation European Community (EC), and Canada in this Newfoundland city.

The official said that proposed tariff elimination on several hundred items is in addition to 2,200 products on which Japan has already expressed readiness to eliminate tariffs altogether. The 2,200 items are mainly electronics, steel products, and certain rare metals. Details of Japan's new offer to add another 500 or so products are not immediately known.

The United States has agreed to eliminate tariffs on some 750 products, while Canada has presented a list of 1,000 items for mutual tariff elimination.

The Japanese official, speaking on condition of anonymity, said the EC appears receptive to expanding the scope of mutual tariff elimination with other industrialized nations.

Japan is prepared to present the new proposal at the three-day parley starting Thursday afternoon, he said. "But we have to take into account the opinions of northern Europe, South Korea, and Brazil, depending on the products involved," the Japanese official said.

Japanese International Trade and Industry Minister Kabun Muto is scheduled to meet his Canadian counterpart John Crosbie before the start of the quadrilateral trade ministers meeting. Muto's party was forced to stay overnight in Toronto on Tuesday after the aircraft he was aboard developed trouble.

Conference sources said Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), also had to delay his arrival until Wednesday after the Lufthansa jetliner he was traveling on experienced engine trouble.

Japanese officials said Dunkel will meet the four trade ministers Thursday to seek cooperation from the world's four largest trading blocs in the successful conclusion of the Uruguay Round of multilateral trade negotiations.

With only six weeks to go prior to a GATT ministerial meeting on the Uruguay Round in Brussels on December 3-8, Muto and Crosbie will use the meeting here with U.S. Trade Representative Carla Hills and EC Vice President Frans Andriessen to make progress in stalled talks on agriculture, textiles and clothing, market access, and other issues, the officials said.

Chip Makers 'Miffed' at U.S. Industry's Request

OW0510121190 Tokyo KYODO in English 1137 GMT 5 Oct 90

[Text] Tokyo, Oct. 5 KYODO—Japanese semiconductor makers were miffed Friday by the U.S. industry organization's request to extend the bilateral semiconductor agreement, which expires next July.

The Semiconductor Industry Association (SIA) of the U.S. and the Computer Systems Policy Project asked President George Bush to negotiate a new five-year agreement with Japan to open its market further to foreign semiconductors.

Akio Tanii, president of Matsushita Electric Industrial Co. and chairman of the Electric Industries Association of Japan (EIAJ), said there is no justification for proposing a new pact, as the Japanese makers have been striving to expand foreign access to the Japanese market.

The Japanese industry has met most of the requests made by the SIA to boost the foreign share, and the efforts have begun to produce results, Tanii said.

The 1986 U.S.-Japan semiconductor trade agreement stipulated Japan should undertake to increase semiconductor chip imports to at least 20 percent of the Japanese market by 1991.

The foreign share stood at 13.3 percent, which the SIA contends is too low, during the April-June period, according to the World Semiconductor Trade Statistics (WSTS). But the EIAJ counters that the foreign share was as large as 17.5 percent during the same period based on statistics compiled by the Ministry of International Trade and Industry (MITI). The discrepancy in the figures results from differences in the companies covered in the statistics.

Yuzo Okahisa, vice president of Mitsubishi Electric Corp., said the 1991 target is well within reach through cooperation between the two countries. "The pact should expire in next July as originally set, and it is not appropriate for the U.S. to place pressure on the issue," he said.

U.S. Paper Products Said Not Satisfactory

OW0910150890 Tokyo KYODO in English 1407 GMT 9 Oct 90

[Text] Tokyo, Oct. 9 KYODO—A Foreign Ministry official said Tuesday that the United States has urged Japan to open its paper distribution market, adding yet another item to America's list of desired reforms in trade between the two countries.

The official said U.S. trade negotiators, in a bilateral trade committee meeting held October 1 and 2, alleged that Japan's paper distribution market is dominated by specific traders, making it hard for U.S. companies to compete. Countering the criticism, Japanese negotiators said U.S. products are not made well enough to satisfy Japanese consumers.

According to the paper/pulp industry, Japanese annually consume 27 million tons of paper and import more than 1 million tons from abroad. The United States is Japan's largest paper supplier, with a 2 percent share of the total paper market.

The working-level committee meeting was attended by Japanese bureau chiefs and deputy ministers from the Foreign Ministry, the Ministry of International Trade and Industry, and the Finance Ministry. Their U.S. counterparts also attended.

Further on Dispute With U.S. Over Construction

OW1110110990 Tokyo KYODO in English 1034 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—Faced with U.S. criticism over suspected unfair bidding for a major airport project, Japan finds itself in a quandary over how to prevent a flare-up of trade disputes over U.S. access to the nation's construction market.

The issue revolves around the failure of a highly competitive U.S. firm to win a contract for a "people-mover" at the new Kansai International Airport in a tender held in August.

Washington has been pressing Tokyo to explain why AEG Westinghouse Transportation Systems Inc., which has built such ground transportation systems at airports around the world, lost the award to a less-experienced consortium of Japanese firms, alleging that the bidding procedures were unfair.

Kansai International Airport Co. (KIAC), builder of the multibillion dollar airport on a man-made island in Osaka Bay, dismissed allegations of unfair practices. "Technically, they were the same. But the price the U.S. firm offered was 3 billion yen higher (than the Japanese winner)," said a KIAC official, who asked not to be named.

Japanese Government officials are afraid that the dispute will revive the once-settled trade negotiations on expanding foreign access to Japan's construction market. Japan and the United States agreed in May 1988 to facilitate foreign entry into Japan's construction market and allow foreign concerns to bid for public works projects.

The U.S. is taking such a tough stand that it cancelled talks slated in Tokyo last month to review progress since the 1988 pact.

The Construction Ministry, which is responsible for trade talks on construction, is trying to get the Construction Ministry to take action in favor of U.S. contractors over projects for the airport as it has strong influence over the airport builder. [sentence as received]

But a senior official at the Construction Ministry says it is difficult to satisfy Washington. "They are pushing us not only to open the market, but also to show results," the official noted.

The official and others say the dispute will provide a focus at bilateral talks slated in Boston on October 15-16 to follow up progress since the two countries wrapped up Structural Impediments Initiative talks last June with Tokyo pledging to take measures to open its market further.

Meeting With U.S. To Discuss Aid for USSR

OW1010161290 Tokyo KYODO in English 1519 GMT 10 Oct 90

[Text] Washington, Oct. 10 KYODO—Japan and the United States agreed Wednesday to hold a meeting of experts to discuss specific ways to extend technological cooperation to the Soviet Union, a Japanese Government official said. The accord came at a breakfast meeting between Japanese Minister of International Trade and Industry Kabun Muto and U.S. Commerce Secretary Robert Mosbacher, the official said.

The meeting will be held here as early as November, and the two nations will discuss how to accept trainees from the Soviet Union and dispatch a joint Japan-U.S. delegation there, he said.

The official also said Muto proposed the holding of a meeting of major industrial nations' cabinet ministers concerned with industrial policy. Mosbacher agreed in principle to the proposal, the official said.

The U.S. commerce secretary also referred to a Japan-U.S. semiconductor trade agreement due to expire next July, and introduced proposals made by the Semiconductor Industry Association (SIA) and the computer industry on the extension of the accord. However, Mosbacher said the U.S. administration will not take up the matter in the immediate future since it is still in the process of building a consensus.

Yanayev on 1956 Declaration as Talks 'Basis'

OW1010201090 Tokyo NHK General Television Network in Japanese 1000 GMT 10 Oct 90

[Text] Gennadiy Yanayev, visiting CPSU Politburo member in charge of international affairs, said in an interview with NHK today that the 1956 Japan-Soviet Joint Declaration should serve as the basis for negotiations on a Japan-Soviet peace treaty. The declaration specifies the return of Shikotan and the Habomai group, two of the four disputed territories. Mr. Yanayev emphasized the need to develop principles of the joint declaration instead of simply quoting it for form's sake.

When a delegation of the Liberal Democratic Party visited the Soviet Union, the Soviet side hinted at the return of two islands, but then abruptly denied this. Mr. Yanayev said he did not know what was behind the sudden change.

On the other hand, he said that Japan and the Soviet Union should preserve the principle of the Japan-Soviet Joint Decleration in conducting bilateral negotiations on the possibilitiy of concluding a peace treaty.

[Begin Yanayev recording in Russian with Japanese translation provided in subtitles] Principles of the Japan-Soviet Joint declaration should be utilized in bilateral negotiations on a peace treaty, instead of quoting it for form's sake. [end recording]

By saying so Mr. Yanayev stressed the need for an expansive utilization of the joint declaration. However, he said that it is hard to believe that just one visit by President Gorbachev to Japan will resolve all the territorial disputes.

Politburo member Yanayev said that the issues of Japanese war prisoners detained in Siberia, and of what to do about Japanese graves are important and have profound psychological implications in Japan. He added that Soviet President Mikhail Gorbachev may speak or take some concrete action with regard to these issues when he visits Japan next April. Mr. Yanayev thus suggested that there is a possibility that Mr. Gorbachev may express his regret over these issues or hand over a namelist of prisoners while he is in Japan.

'Courageous Decision' Urged on Territorial Issue

OW1110110690 Tokyo KYODO in English 1010 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—Prime Minister Toshiki Kaifu on Thursday called on Soviet President Gorbachev to make a "courageous decision" to resolve the two countries' territorial dispute when he visits Japan next April, Foreign Ministry officials said Thursday. Officials said Kaifu made the remarks in a 15-minute meeting with Gennadiy Yanayev, a Soviet Communist Party Politburo member responsible for international affairs.

Kaifu was quoted as saying that if the two countries are to conclude a peace treaty and place their relations on a truly stable footing, "it is important to solve the problem regarding the return of the four islands."

"When President Gorbachev visits Japan, I hope he will reveal a courageous decision that will enable us to build such a relationship," Kaifu said. Officials said he asked Yanayev to convey his message to Gorbachev.

The premier was referring to the two countries long-running dispute over a group of islands off Hokkaido seized by the Soviets at the end of World War II.

Officials said Yanayev drew Kaifu's attention to the fact that there are only some 180 days left before Gorbachev's visit, which he described as a "historic opportunity." Serious efforts have to be made during the time left to ensure it becomes a substantial visit, rather than just a diplomatic formality, he said.

Yanayev said that in his recent talks with Japanese from economic and financial circles, he agreed with some that a "courageous and non-standard solution" must be found. Officials said Yanayev was most likely referring to the territorial dispute. But they were unsure what was meant by a "non-standard solution." One official surmised that perhaps he meant a solution should be a compromise between the return of all four islands at once and a refusal to return any at all.

Number of Foreign Residents Reportedly at High

OW0610090690 Tokyo KYODO in English 0814 GMT 6 Oct 90

[Text] Tokyo, Oct. 6 KYODO—The number of foreign nationals residing in Japan hit a record high of 984,455 as of December 31, 1989, a 4.6 percent increase from the previous year, the Justice Ministry said Saturday. It is a 50 percent increase in the 30 years since the ministry began surveys on the number of foreign nationals in Japan in 1959.

Justice Ministry officials estimated that the number currently exceeds the 1-million mark. "Foreign residents are increasing steadily," one official said. But nationalities are increasingly varied as the proportion of Korean residents, who comprised nearly 90 percent of the foreign population in Japan 25 years ago, has dropped to less than 70 percent.

To make up for the relative decline in the proportion of Korean residents among foreigners living in Japan and other long-term foreigners with permanent residency, the country is absorbing new arrivals from the Philippines, and such Latin American countries as Brazil and Peru.

Residents from the Philippines marrying a Japanese or having a Japanese parent rose by 40 percent to 16,000 last year, while the figure from Brazil showed a 10 percent increase to 4,300.

The growing number of Filippinas marrying Japanese farmers is the main reason behind the increase from the Philippines, while for the Latin American nations, more descendants of Japanese immigrants are coming to Japan to share in the prosperity of the land of their ancestors, Justice Ministry officials said.

The number of exchange students from South Korea and China enrolled in four-year universities or other institutions of higher education rose by 26 percent to 37,000.

Peruvians occupy a greater share among the 11,000 technical exchange students, whose number jumped 24 percent from the previous year. But the number of foreign students at vocational schools, including Japanese language institutions, declined by 8 percent to 44,000.

About 49,000, up 22 percent, have qualifications for employment in Japan, with a particularly notable increase in language teachers.

Manual workers, who are considered illegal in Japan, are not included in the statistics.

Despite the hefty increase in the number of foreign nationals, they constitute less than 1 percent of Japan's total population of 122.7 million.

Mieno Expresses 'Concern' Over Rapid Yen Rise

OW1110090190 Tokyo KYODO in English 0802 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno expressed concern Thursday about the high-paced advance of the yen against the U.S. dollar amid growing anticipation of lower U.S. interest rates and the weakening U.S. economy. "I think the yen's present rise is too rapid," Mieno told a regular press conference.

Mounting expectations of an easing of credit in the United States, boosted by the accord in the U.S. Congress of a budget deficit-reduction package, have forced down the dollar below the 130 yen line for the past week.

Mieno, however, ruled out the possibility of a crash of the dollar, saying that the brighter prospect of U.S. budget policy, the antiinflationary credit stance of the U.S. Federal Reserve Board, and the Persian Gulf crisis will combine to provide a prop for the U.S. currency.

Commenting on the plunging Tokyo stock market, Mieno said the central bank will keep a close watch on developments.

Referring to a loan fraud scandal involving Japan's most profitable commercial bank, Sumitomo Bank Ltd., Mieno called for tighter discipline in the banking industry as a whole.

Mieno said the budget accord and the weak U.S. employment data released last weekend were the two main factors weighing down the dollar. Washington announced last Friday that the U.S. jobless rate rose 0.1 percentage in September from August to 5.7 percent, the worst since March 1988 and another indication of a slowdown in the U.S. economy.

Mieno also said the stock market should reflect the reality of Japan's economic health. "I hope stock prices will stabilize in line with the steady economy," he said.

The benchmark Nikkei average has been depressed under the weight of higher interest rates in Japan, though it has recovered some ground in recent sessions due to the strong yen and government plans for market-support measures.

But Mieno said the BOJ will stick to a tight monetary policy, despite Finance Minister Ryutaro Hashimoto's call for looser credit to shore up stock prices. "We are still watching the effect of the latest rate hike on the economy," Mieno said.

On the Gulf crisis, Mieno was optimistic that the damage of rising oil prices on the economy would be less severe than in the past two oil crises. "This is because of the higher yen, which helps alleviate the impact of inflated oil prices on domestic price trends," he said.

Since Iraq's August 2 invasion of Kuwait, oil prices have nearly doubled to around 40 dollars per barrel. But the yen has risen about 15 yen in the meantime, easing inflationary pressures from oil imports, he said.

Mieno also said it would be very regretful if reports of the Sumitomo case are found to be true, and urged Sumitomo and other banks to exercise discipline in their management. "Banks are institutions with highly public characteristics. While being very keen to raise profits, they seem to have forgotten their social status," he said.

"Not only Sumitomo but the banking industry as a whole should review its management and build an appropriate system," he said. But Mieno said the BOJ has no concrete plans at the moment to boost discipline among bankers.

Asked about the government's move to review taxation on land, the governor hailed the intention, terming it "necessary and very desirable."

Nuclear-Powered Ship Operates at Full Capacity

OW0510093690 Tokyo KYODO in English 0842 GMT 5 Oct 90

[Text] Mutsu, Aomori Pref., Oct. 5 KYODO—Japan's only nuclear-powered ship, the Mutsu, operated at full capacity Friday for the first time since it was launched 21 years ago, officials said.

The full-capacity operation of the 8,242-ton vessel was confirmed following tests which were resumed Tuesday in the Pacific Ocean off Miyagi Prefecture, officials of the Japan Atomic Energy Research Institute said. This capped a series of trouble-plagued tests that began in March after the ship was mothballed for 16 years.

Officials of the institute said the reactor's output was raised from 82 percent to 90 percent Wednesday.

The ship recorded a maximum speed of 17.2 knots, 0.7 knot above its designed capacity, with the reactor operating with 90 percent power, officials said. The Mutsu is equipped with a single pressurized water reactor with a designed output equivalent to 36,000 kilowatts of electricity.

An attempt to test the ship in July was halted when its nuclear reactor was shut down due to faulty readings from an instrument gauging the movements of its control rods.

The vessel, 130 meters long and 19 meters wide, was dry-docked in 1974 after its reactor leaked gamma rays. The institute, under the Science and Technology Agency, has spent more than 100 billion yen on research and development of the ship.

A series of subsequent problems had kept the 5.6 billion yen vessel berthed with its reactor sealed at Ominato in Aomori Prefecture after it returned there from repairs in Sasebo in the southern prefecture of Nagasaki in 1982.

The ship has been based in Mutsu since January 1988. It will return to its namesake port about Monday, the officials said.

The Japan Atomic Energy Research Institute plans to conduct a yearlong experimental voyage with the nuclear ship once it gets a long-delayed certificate of seaworthiness from the government before mothballing it, this time permanently.

Obituary for Former JSP Chairman Ichio Asukata

OW1110064190 Tokyo KYODO in English 0404 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 KYODO—Former chairman of the No. 1 opposition Japan Socialist Party (JSP), Ichio Asukata died early Thursday of brain infarction at a hospital in Kanagawa Prefecture, west of Tokyo. He was 75.

A prominent lawyer turned politician, Asukata also served four consecutive terms since 1963 as mayor of Yokohama.

During his fourth term of mayorship, Asukata was elected as new JSP chairman in 1978 and retained the post for three consecutive terms until 1983. He stepped down to take responsibility for the major opposition defeat in the House of Councillors elections the same year.

Asukata began legal practice in 1939. His participation in the defense counsel at the postwar criminal court in Tokyo, and counseling for labor unions in the confusing postwar years earned him regard as an able lawyer.

After entering politics at city and prefectural levels, Asukata was first elected to the powerful House of Representatives in 1953. He served six four-year terms in the lower house.

Asukata led the JSP in attacking the cabinet under then Prime Minister Nobusuke Kishi in Diet sessions in 1960, when renewal of the security treaty with the United States was fiercely debated, and U2 jet planes were secretly deployed at one of the U.S. military bases in Japan.

Asukata once again challenged the government in 1972 when as Yokohama's mayor, he prevented transport of U.S. tanks out of Japan to Vietnam, claiming it violated Japan's traffic and transportation law.

He offered creative proposals during his mayorship and put the ideals of direct democracy into practice, with the participation of residents in a "10,000-citizen meeting." He also promoted creation of a council for progressive mayors across the nation, with the aim of new regional, autonomous administrations.

After retiring from politics, Asukata returned to law practices. He took part in lawsuits concerning noise pollution from the U.S. military bases and also chaired a pro-Constitution federation.

Asukata faced problems to revitalize the declining power of the JSP.

Prime Minister Toshiki Kaifu told reporters at his official residence that he deeply regretted Asukata's death despite differences in their political beliefs.

Former Prime Minister Yasuhiro Nakasone praised Asukata for striving to open the JSP's dialogue with the public.

Masashi Ishibashi, Asukata's successor as JSP chairman, fondly recalled working with him in the 1960 Diet sessions.

North Korea

Kim Il-song Arranges Anniversary Banquet

SK1010160090 Pyongyang KCNA in English 1537 GMT 10 Oct 90

[Text] Pyongyang October 10 (KCNA)—The great leader Comrade Kim Il-song, general secretary of the Central Committee [C.C.] of the Workers' Party of Korea [WPK] and president of the Democratic People's Republic of Korea, arranged a grand banquet at the Kumsusan Assembly Hall today in celebration of the 45th founding anniversary of the WPK.

Comrade Kim Il-song appeared in the banquet hall amid enthusiastic applause of the entire participants.

Present at the banquet were O Chin-u, Yi Chong-ok, Pak Song-chol, Yon Hyong-muk and other party and state leading officials and leading men of party and power bodies, administrative and economic organs and public organizations and of various fields.

Also on hand the congratulatory group of the South Korean National Democratic Front led by its vice-chairman Yi Chong-sang, the congratulatory group of Koreans in Japan led by Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), members of various delegations and visiting groups of Chongnyon and overseas Koreans from various regions of the world.

Invited to the banquet were Didier Ratsiraka, President of the Democratic Republic of Madagascar and general secretary of the Malagasy Vanguard of Revolution, Song Ping, member of the Standing Committee of the Political Bureau of the C.C., the Communist Party of China, Takako Doi, chairperson of the Central Executive Committee of the Japan Socialist Party, Ichiro Ozawa, general secretary of the Liberal Democratic Party of Japan, and 276 delegations and delegates who have come from 126 countries of the five continets to celebrate the 45th WPK founding anniversary and many other foreign guests and foreign diplomatic envoys here.

Comrade Kim Il-song delivered a speech at the banquet.

Kim Delivers Speech

SK1010153590 Pyongyang KCNA in English 1500 GMT 10 Oct 90

[Text] Pyongyang October 10 (KCNA)—The great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, made a speech "it is a basic guarantee for the victory of the revolution to strengthen the party and increase its leadership role" today at a banquet given in celebration of the 45th anniversary of the foundation of the Workers' Party of Korea.

On the jubilant occasion President Kim Il-song offered warm congratulations to the party members, heroic working class and all the people who have traversed the road of victory together with the party and extended warm greetings to the South Korean people who have been resolutely fighting for independence, democracy and national reunification, and to all overseas compatriots who have been working with all their patriotic devotion for the prosperity of their socialist homeland.

He said:

On the occasion of the 45th anniversary of the foundation of our party, many foreign friends, particularly heads of state and government, party chairmen, party general secretaries, party and government delegations have come and are congratulating us warmly. This is an expression of their powerful support for and strong solidarity with our party and our people that continue with their vigorous advance along the road of socialism under the banner of anti- imperialist independence. We take great pride in having the true comrades and friends who are faithful to the ideals of independence and peace and to the cause of socialism and maintain unflagging loyalty to revolutionary obligation in whatever situation.

With the warm feelings of fraternity and comradeship, I, on behalf of our party and our people, bid a hearty welcome to the distinguished envoys of friendship, our comrades and friends from foreign countries.

The foundation of the Workers' Party of Korea was a historic event that brought about a radical change in our people's socio-political life and in the development of our revolution. As a result of the foundation of the party, our people embarked on the road of creating an independent new life as a dignified and strong nation, and put an end to their old history of suffering and started making a new history which is full of victory and glory.

Our party is a glorious party which has grown up from the deep roots of the anti-Japanese revolutionary struggle. Our people's revolutionary struggle against the Japanese was not only a national liberation struggle to win back the sovereignty of the country, but also a struggle to found a revolutionary party to lead the Korean Revolution to victory by assuming the responsibility for the destiny of the popular masses to the end. In the course of the anti- Japanese revolutionary struggle which was unprecedentedly arduous, the chuche idea, the guiding ideology of our party, was created, the solid backbone of the Korean Revolution was trained, and the glorious revolutionary traditions of our party were established. These became the strong roots of our party which are unshakable in whatever storm.

Because it has inherited the brilliant traditions of the anti-Japanese revolutionary struggle, our party has been able, from the outset, to lead the difficult and complex Korean Revolution confidently to victory, and has developed into a powerful revolutionary party of chuche as we see today.

Making the chuche idea our party's guiding ideology and implementing the chuche idea in party building, we have maintained the line of developing the party into a mass-based revolutionary party which has firmly established the ideological system of chuche and is composed of workers, farmers and working intellectuals, into an unconquerable party which is rooted deeply among the broad sections of the masses and welded with the popular masses into a harmonious unity. This line of party building was derived from the new requirements of the times when the popular masses emerged on the stage of history as the masters of their own destiny. It also emanated from our own point of view that the party must occupy the pivotal position in the driving force of the revolution and play the leadership role.

The whole course of the development of our party has been a process of steadily strengthening the unity and cohesion of the whole party in ideology and purpose on the basis of the chuche idea; it has been a process of the whole party and all the people welding into a strong socio-political organism centring on the Central Committee of the party. In the difficult struggle against the enemies of the revolution and against the counterrevolutionary trends of all description, and in the complex struggle to blaze the trail towards socialism, our party has experienced all hardships and developed into a veteran party that has acquired rich experience and seasoned leadership capabilities.

Our party has always struggled by relying on the popular masses, believing that they are the root of its life and the inexhaustible source of its strength; the people have shared life and death with the party, casting in their lot with the party and believing that our party is their heart and brain. Because the party and the popular masses became one unbreakable body, we succeeded in carrying out the difficult and complex tasks of building a new democratic Korea after liberation, were able to withstand the harsh trials of the Fatherland Liberation War, heal the war wounds from the ashes through a hard-fought struggle in the short period of postwar years and build an excellent, powerful socialist country which is independent in politics, self-sufficient in the economy and self-reliant in defence. Today when the country is divided and the imperialists' manoeuvres against socialism have become blatant as never before, our people are advancing stoutly along the road of socialism, convinced of the justice of their cause and full of confidence in victory. This is precisely because our party is mighty and because our party and all our people are solidly united in mind and purpose. The history of our party convincingly proves the revolutionary truth that the party can be unconquerable when it is in unbreakable unity with the popular masses and that when the party is sound and mighty, the popular masses can be sound and display unfathomable creative power.

Today our people sing of our party as the embrace of their mother. With a revolutionary resolve and conviction that they can do whatever the party decides to do, they are displaying boundless loyalty and devotion in carrying out the party's lines and policies. Our party regards it as a great honour and pride to enjoy the trust and love of these fine people. It is fully resolved to serve our people more faithfully and, by relying on the unfathomable strength of the popular masses, to continue to fight staunchly in the years to come.

Today our party is faced with the important tasks of foiling the imperialists' offensive against socialism and their manoeuvres against our republic, accomplishing the socialist cause and achieving the independent and peaceful reunification of the country.

Our successful building of socialism is important not only for the prosperity and development of our country and the happiness of our people but also for the strengthening of solidarity with the revolutionary people of the world and for the victory of the common cause of socialism. We must strictly adhere to the general line of socialist and communist construction, the validity of which has been clearly proved by actual events, and must continue to conduct energetically the three revolutions—ideological, technical and cultural—and thus give fuller play to the advantages of socialism in our country and capture the high peak of socialism.

Thanks to the vigorous endeavours of the Korean compatriots in the North, the South and abroad who eagerly desire national reunification, the driving force of national reunification is now rapidly being strengthened on a nationwide scale and a favourable phase for ending the protracted division of the nation and achieving the reunification of the country is being opened. We must develop the reunification movement onto a higher stage by giving a powerful impetus to the strong trend of the whole nation towards reunification and reunify the country as soon as possible by founding the democratic confederal republic of Koryo on the three principles of independence, peaceful reunification and great national unity.

For success in carrying out our revolutionary tasks, we must strengthen our party still further and steadily enhance its leadership role.

The fundamental way of achieving a victory in the revolution and construction is to strengthen the driving force of the revolution and enhance its role. The most important factor in this regard is to strengthen the party and increase its leadership role. The party is the centre of the unity and cohesion of the popular masses who are the driving force of the revolution; it is the general staff and the guiding force which leads the revolutionary struggle and construction work to victory. The powerful driving force of the revolution is unthinkable without a revolutionary party, and the advantages of socialism and its victory are inconceivable without the leadership of the party.

When the party is weakened and its leadership role is emasculated, the masses of the people will be thrown off their balance organizationally and ideologically and find themselves in confusion losing sight of the goal and direction of their struggle, with the result that the revolution and construction will fail. This is a serious lesson confirmed by history. All the renegades and enemies of the revolution have always concentrated their attack on emasculating the party and destroying it. The strategy of "peaceful transition" now employed by the imperialists in order to undermine socialism is being focused on impairing the prestige of the party, making it spiritless and divorcing it from the masses.

We must fully implement the chuche principle of party building and strengthen and develop our party to be a revolutionary party of chuche which is firmly united organizationally and ideologically and possessed of invincible fighting efficiency.

The party is a political organization which is formed and guided by one ideology, and the guiding ideology of the party is the basic factor which determines the character and vitality of the party. The chuche idea, the monolithic ideology of our party, is an absolutely scientific and revolutionary outlook on the world; it is a guiding ideology of the revolution which shows the correct way of achieving the independence of the popular masses. The chuche idea is the lifeblood of our party and the source of matchless attraction and fighting efficiency. We must firmly arm all the party members with the chuche idea and establish the ideological system of chuche more thoroughly in the whole party.

The might of the party lies in the fact that it is an organized force which is united and works in accordance with its revolutionary organizational principles. The organizational principles of our party are the best of revolutionary organizational principles which make it possible to achieve the organic unity and cohesion of the party on the principles of democracy and comradeship and effect the monolithic leadership of the party. We must fully implement the organizational principles of the party and strengthen the party organizations, cement the unity and cohesion of the party ranks further still and ensure that all the party organizations and party members are loyal in supporting the leadership of the party Central Committee.

The mission of the party is to unite the masses of the people, the driving force of the revolution, behind itself firmly and lead the revolution and construction correctly. The masses of the people are the masters of the revolution and construction and they are also the driving force of the revolution and construction. Therefore, the success of the revolution and construction depends on how deeply the party is rooted among the masses and how it leads them. Implementing the revolutionary mass line while ensuring the unified leadership of the party is the basic principle of our party's activities. We should fully implement the chongsanri spirit and chongsanri method which embody our party's chuche-orientated principle of leadership, and thus see to it that the popular masses hold their legitimate position as the masters of the revolution and construction and fulfil their responsibility and role as such.

The revolutionary cause of our people is closely linked with the just struggle of the progressive people of the world for independence. Despite all manoeuvres of the reactionaries of history, the world is following the road of independence as ever. Although there may be ups and downs on the road of progress, the desire of the people to live in a new, free and peaceful world will be realized without fail. We will fight in unity with the revolutionary and progressive parties which are advancing under the banner of independence, the banner of socialism, and advance in close cooperation with the Asian peoples and all the progressive people around the world.

The future of our party is bright and the victory of our revolution is certain. revolution always advances in face of difficulties and tribulations. Whenever we have encountered difficulties and tribulations, our will has become still firmer, our might has grown greater and our revolution has advanced still more rapidly. Today the whole nation who desire the reunification and eternal prosperity of the country expect a great deal from our party, and the progressive people and revolutionary comrades-in-arms of the world are watching the struggle of our party. In the future, too, we will meet the difficulties and trials with an indomitable revolutionary spirit and unbreaking fighting spirit and bring the revolutionary cause of chuche to brilliant completion by making uninterrupted innovations and continuous advance.

Kim Criticizes Reforms in USSR, East Europe

OW1010143990 Tokyo KYODO in English 1419 GMT 10 Oct 90

[Text] Pyongyang, Oct. 10 KYODO—North Korean President Kim Il-song, tacitly criticizing reforms in the

Soviet Union and Eastern Europe, on Wednesday called for maintaining and strengthening communist rule in his country.

Kim said, "When the party is weakened and its leadership role is emasculated, the mass of the people will be thrown off their balance organizationally and ideologically and find themselves in confusion, losing sight of the goal and direction of their struggle, with the result that the revolution and construction will fail." "This is a serious lesson confirmed by history," he said in a speech at a banquet on the 45th anniversary of the founding of the Korean Workers Party.

Kim did not name the Soviet Union or any of the East European countries which have denied the leading role to their communist parties.

The president renewed his call for an early reunification of the Korean peninsula through the establishment of "the Democratic Confederal Republic of Koryo." Kim said, "The driving force of national reunification is now rapidly being strengthened on a nationwide scale and a favorable phase for ending the protracted division of the nation and achieving the reunification of the country is being opened."

Kim Calls for Founding of Confederal Republic

SK1010161090 Pyongyang KCNA in English 1547 GMT 10 Oct 90

[Text] Pyongyang October 10 (KCNA)—The great leader President Kim Il-song called for reunifying the country as soon as possible by founding the Democratic Confederal Republic of Koryo in his today's speech at a banquet celebrating the 45th anniversary of the founding of the Workers' Party of Korea.

He said:

Today our party is faced with the important tasks of foiling the imperialists' offensive against socialism and their manoeuvres against our republic, accomplishing the socialist cause and achieving the independent and peaceful reunification of the country.

Thanks to the vigorous endeavours of the Korean compatriots in the north, the south and abroad who eagerly desire national reunification, the driving force of national reunification is now rapidly being strengthened on a nationwide scale and a favourable phase for ending the protracted division of the nation and achieving the reunification of the country is being opened. We must develop the reunification movement onto a higher stage by giving a powerful impetus to the strong trend of the whole nation towards reunification and reunify the country as soon as possible by founding the Democratic Confederal Republic of Koryo on the three principles of independence, peaceful reunification and great national unity.

Communique Announces Release of Japanese Sailors

SK1110012390 Pyongyang Domestic Service in Korean 0034 GMT 11 Oct 90

[Text] This is a KCNA communique. KCNA, by authority, announces as follows.

The delegation of the Liberal Democratic Party [LDP] of Japan led by Mr. Shin Kanemaru, member of the Diet and former deputy prime minister of Japan, and the delegation of the Japan Socialist Party [JSP] led by Mr. Makoto Tanabe, member of the Diet and vice chairman of the JSP Central Executive Committee, reflecting the will of their parties, earnestly pleaded that Isamu Beniko, captain of the Japanese ship No. 18 Fujisan Maru, and Yoshio Kuriura, its chief engineer, who have been serving a 15-year prison term at hard labor for committing the crime of infringing upon the sovereignty of the DPRK, be returned to Japan. And the Japanese Government also has requested on a number of occasions the return of these men.

Upon the recommendation of the Workers' Party of Korea [WPK] to deal with the problem of these men fully taking into consideration the Japanese side's request, the Central People's Committee of the DPRK has decided to give amnesty to Isamu Beniko, captain of the No. 18 Fujisan Maru, and Yoshio Kuriura, its engineer, and allow the JSP delegation led by Mrs. Takako Doi, chairman of the JSP Executive Committee, and the LDP delegation of Japan led by Mr. Ichiro Ozawa, its secretary general, who have participated in the celebrations of the 45th anniversary of the WPK founding, take them with them when they return home.

In this connection, the LDP of Japan and the JSP have expressed deep gratitude to the WPK and the DPRK Government for taking this generous step for the captain and the engineer of the No. 18 Fujisan Maru.

11 October 1990, Pyongyang.

Japanese Appreciation Reported

SK1110061190 Pyongyang KCNA in English 0577 GMT 11 Oct 90

[Text] Pyongyang October 11 (KCNA)—The Liberal Democratic Party (LDP) and the Japan Socialist Party (JSP) today left behind in Pyongyang a note expressing thanks for the transfer of seamen of the Japanese ship "Fujisan Mary No. 18."

The note was signed by Ichiro Ozawa, general secretary of the LDP, and Takako Doi, chairperson of the Central Executive Committee of the JSP.

It reads:

The LDP and the JSP have for years earnestly asked for the release of seamen of the "Fujisan Maru No. 18."

The DPRK Government, at the recommendation of the Workers' Party of Korea (WPK) taking this request into consideration, has decided from a humanitarian stand to pardon, release and send back to Japan Master Isamu Beniko and chief engineer Yoshio Kuriura of the "Fujisan Maru No. 18" who have been serving a sentence of 15 years' penal servitude for their criminal violation of the law of the DPRK.

The LDP and the JSP express deep thanks to the WPK and the DPRK government for taking a lenient measure for the seamen of the "Fujisan Maru No. 18" from a humanitarian stand.

The LDP and the JSP promise to do their utmost lest the two persons should violate the law of the DPRK again and lest they, back home, should make words and acts hindering the development of the friendly relations between Japan and the DPRK.

N-S Play First Reunification Soccer Match

SK1110120090 Pyongyang KCNA in English 1055 GMT 11 Oct 90

[Text] Pyongyang October 11 (KCNA)—A reunification soccer game between the North and South teams of Korea was held at the May Day Stadium here this afternoon amid the keen interest of people at home and abroad.

The 150,000-seat stadium was packed to overflowing with compatriots of the North, South and abroad and foreigners.

At three p.m. the men and women footballers of the North and the South entered the stadium and the spectators warmly welcomed them, raising cheers and waving flags of a blue Korean map on the white background and coloured buntings.

Prior to the game, speeches were made.

Kim Yu-sun, chairman of the State Sports Commission and chairman of the DPRK Olympic Committee, made a welcome address first.

Warmly welcoming the footballers of the South side participating in the North-South reunification soccer game, he said this game is a game for national reconciliation, unity and reunification aimed at promoting unity of the sportsmen and other people in the North and the South and accelerating the country's reunification. He called for widely demonstrating the reunification will of the Korean nation.

In his reply Chong Tong-song, "sports minister" of the South side, expressed thanks to the Pyongyangites for the warm welcome accorded his teams, and said: let all of us do our utmost to have this reunification soccer meet recorded later in history as a game that opened a great sluice gate for an early reunification of the country.

Then, a men's North-South soccer game began with the kick-off by the North side.

The score was opened by the South side in the 25th minute of the first half. In the second half the North side scored a goal in the fifth minute and made one more goal with a penalty kick just before the final whistle, closing the game 2-1 in its favor.

During the game, compatriots consistently cheered both teams, shouting "national reunification" and "Korea is one" and singing the song "Our Desire is Reunification.

On their faces could be read the happiness to see the North-South reunification soccer game, the first of its kind in 40 odd years of division. They hoped that the game will mark an important occasion in promoting national reunification by making a breakthrough in the thick barrier keeping the same nation and compatriots divided.

Relations With Unified Germany Being Discussed

OW1110033290 Tokyo KYODO in English 0312 GMT 11 Oct 90

[Text] Bonn, Oct. 11 KYODO—A senior official of the North Korean Government secretly visited Bonn in mid-September to discuss with West German officials the possible establishment of diplomatic relations between North Korea and the unified Germany, diplomatic sources here said Wednesday.

According to the sources, North Korean Vice Foreign Minister Kang Sok-chu came to Bonn and proposed the setting up of full diplomatic ties between North Korea and Germany after the unification of East and West Germany on October 3.

The West German Government, however, did not give an immediate response to the proposal, the sources added. German Foreign Ministry officials refused to comment on policy toward North Korea, saying the unified German Government has not yet decided a concrete position on the divided Korean peninsula.

Diplomatic relations between North Korea and Germany have been suspended since the unification of East and West Germany on October 3. Swedish diplomats in North Korea will take care of the interests of Germany, and Chinese officials in Germany will do the same on behalf of North Korea until the establishment of diplomatic ties between the two countries, the sources said.

In an interview with KYODO NEWS SERVICE in mid-September, Hans Stercken, chairman of the West German Federal Assembly's Foreign Affairs Committee, said that the unified Germany will establish diplomatic ties with North Korea soon after the national unification.

Reportage Covering Japanese Delegations Visit

Kim Receives JSP Vice-Chairman

*SK1110052590 Pyongyang KCNA in English
0514 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The great leader President Kim Il-song on October 10 received Makoto Tanabe, vice-chairman of the Central Executive Committee of the Japan Socialist Party [JSP], and his entourage.

Present on the occasion was Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea [WPK].

Makoto Tanabe congratulated President Kim Il-song on the 45th anniversary of the WPK founding and wished him good health and long life.

President Kim Il-song expressed thanks for this and conversed with the guests in a warm and friendly atmosphere.

Kim Receives LDP Gift

*SK1110060390 Pyongyang KCNA in English
0519 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea [WPK] and president of the Democratic People's Republic of Korea, received a gift from the delegation of the Liberal Democratic Party (LDP) of Japan.

Head of the delegation Ichiro Ozawa, general secretary of the LDP, handed the gift to Kim Yong-sun, secretary of the WPK Central Committee, on October 10.

Kim Receives JSP Gift

*SK1110055590 Pyongyang KCNA in English
0525 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The great leader President Kim Il-song received a gift from Makoto Tanabe, vice-chairman of the Central Executive Committee of the Japan Socialist Party.

Vice-Chairman Makoto Tanabe handed it to Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, on October 10.

Chuji Kuno Presents Gift

*SK1110052190 Pyongyang KCNA in English
0516 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The great leader President Kim Il-song received a gift from Chuji Kuno, former chairman of the Dietmen's League for the Promotion of Japan-Korea Friendship.

Chuji Kuno handed the gift to secretary of the Central Committee of the Workers' Party of Korea Kim Yong-sun on October 10.

Kim Chong-il Receives LDP Gift

*SK1110060190 Pyongyang KCNA in English
0521 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from the delegation of the Liberal Democratic Party (LDP) of Japan.

Head of the delegation Ichiro Ozawa, general secretary of the LDP, on October 10 handed the gift to Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea.

Kim Chong-il Receives JSP Gift

*SK1110053190 Pyongyang KCNA in English
0526 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from Makoto Tanabe, vice-chairman of the Central Executive Committee of the Japan Socialist Party.

Vice-Chairman Makoto Tanabe handed it to Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, on October 10.

Chuji Kuno Presents Gift

*SK1110060590 Pyongyang KCNA in English
0518 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The dear leader Comrade Kim Chong-il received a gift from Chuji Kuno, former chairman of the Dietmen's League for the Promotion of Japan-Korea friendship.

Chuji Kuno handed the gift to secretary of the Central Committee of the Workers' Party of Korea Kim Yong-sun on October 10.

JSP Delegation Returns Home

*SK1110054190 Pyongyang KCNA in English
0512 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The delegation of the Japan Socialist Party led by chairperson of its Central Executive Committee Takako Doi, member of the House of representatives, left for home on October 11 by plane after participating in the celebrations of the 45th anniversary of the founding of the Workers' Party of Korea.

It was seen off at the airport by Kim Yong-sun, secretary of the WPK Central Committee, and other officials concerned.

LDP Delegation Returns Home

*SK1110053390 Pyongyang KCNA in English
0513 GMT 11 Oct 90*

[Text] Pyongyang October 11 (KCNA)—The delegation of the Liberal Democratic Party (LDP) of Japan led by Ichiro Ozawa, general secretary of the LDP and member of the House of representatives, left for home on October 11 by plane after participating in the celebrations of the 45th anniversary of the founding of the Workers' Party of Korea.

It was farewelled by Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, and officials concerned.

South Korea

Universities Screening DPRK Films Raided

SK1110025190 Seoul YONHAP in English 0217 GMT 11 Oct 90

[Text] Seoul, Oct. 11 (YONHAP)—A police raid foiled a bid by South Korean students to show two North Korean films, "Salt" and "Escape Record," Wednesday afternoon.

Hundreds of riot police charged into Korea and Yonsei Universities, firing tear gas and waving search warrants, but were unable to seize the films, which the government has banned on the grounds that they "abet the class conflict and beautify Kim Il-song's struggle against imperialist Japan."

As the opening scenes of "Salt" flickered on a screen in a Korea University auditorium at 2:05 p.m., five companies of 700 riot troops burst through the campus gates. Students hurling fire bombs and stones tried to halt them, but were soon scattered. The delaying action succeeded, however, and students had taken the film away to safety by the time the police reached the auditorium.

After the police retreated from the campus an hour later, students gathered in the auditorium for another try at showing the film. Again, they were dispersed by the police. "Escape Record" at Yonsei University was stopped after 20 minutes by the police. The students had been scheduled to see "Salt," but the organizers had been unable to smuggle it past the police blockade at the gate. Instead they watched a video of the Pyongyang youth festival for an hour and then started to screen "Escape Record."

Ten companies of 1,500 riot troops flooded the campus to seize the film, but met with vehement opposition from the students. During a one-hour battle, a dozen large windows in the main building and the windows of 10 cars parked there were smashed.

"Salt" relates the sufferings of a family fighting against the Japanese occupation forces in Manchuria in the 1930s and "Escape Record" tells of the miserable life of Koreans who fled the harsh rule of Japan and settled in Northeastern China in the 1920s. "Salt," directed by Sin Sang-ok and starring Choe Eun-hui, both of whom defected and now live in South Korea, is one of seven North Korean works being screened at the inter-Korean film festival in New York. Choe won the best actress award at a Moscow film festival for her work in the film, which has been shown in Seoul by the National Unification Board.

Pyongyang Economists' Views Analyzed

SK1010044990 Seoul SINDONG-A in Korean Sep 90 pp 292-300

[Article by Pak Yong-ho: "Pyongyang Scholars Describe North Korea's Economy"]

[Text] Editor: The author is a professor of economics at Hansin University.

The Third International Academic Conference on Korean Studies was held in Osaka from 3 to 5 August 1990. The meeting was historic because scholars from North Korea and South Korea were able to meet officially for the first time since the division of the peninsula in 1945.

Each participant came away with his own feelings on the overall atmosphere of the meetings, but at least the organizers of the conference revealed a cautious and most neutral attitude throughout the event.

The theme of the conference was "Active scholarly discussion, and friendly exchanges between scholars," and nobody can deny that the theme prevailed consistently throughout the conference.

The head of the North Korean delegation to the conference was Mr. Kim Chol-myong, who is also chairman of the First Subcommittee of the Association of Korean Social Scientists. In his opening remarks at the conference, Kim appealed for harmony. "Although it is natural that we should encounter differences of professional academic opinion in an academic conference, it is wrong if we allow these differences to engender hostility, distrust, and confrontation. Let us defer such differences for later consideration and strive in the first instance to find common ground in our academic views. This approach will allow us to plan for national solidarity." His statement was most impressive indeed, assuming as we did that it was genuine.

The conference was a grand undertaking, with over 1000 North Korean, South Korean, and foreign scholars in attendance. The conference was divided into 11 discipline-related sections, at which scholarly papers on all subjects related to Korea were presented and discussed. The 11 sections were language, literature, history, economics, politics and law, sociology, education, philosophy and religion, culture and art and physical education, medicine, and science and technology.

The parts of the conference I found most interesting, and I am sure the other South Korean scholars felt the same way, were the presentations made by the North Korean scholars and our face-to-face conversations with them. I was interested in discovering the actual conditions prevailing in North Korean society as well as the academic views and personal opinions of the North Korean social scientists themselves. I found myself swept by emotion just at being able to meet them at all, an emotion I found difficult to control and one I think the reader will well understand.

Fortunately, I did have an opportunity to speak privately with the North Korean scholars during the conference. Unfortunately, the North Korean side did not want private conversations disseminated publicly, so I would like to say in advance that unavoidably I have not used the names of the North Koreans with whom I spoke.

Moreover, I have been obliged to adjust the content of those conversations and meld the private opinions and the official views of the North Korean economic scholars with whom I spoke.

Build an Independent National Economy

The North Korea economists presented two papers, "On Building a Socialist Economy in the Democratic People's Republic of Korea," by Dr. Kim Chol-sik, professor and deputy director of North Korea's Social Sciences Institute; and "On the Industrial Management System in the Republic," by Kim Kwang-chon, a researcher at the Chuche Sciences Institute. The North Korean economic scholars submitted another paper which was not officially presented: Professor Kim Chol-sik's "On Social Science Research and Development in the Democratic Peoples Republic of Korea."

These papers made it clear that the basic strategy undergirding North Korea's construction of a socialist economy was to develop a consolidated people's economy, to assure self-sufficiency in the production of basic types of consumer goods, and to invigorate the people's economy with modern technology. The economy they sought to build, however, was neither a closed economic system nor a self-sufficient economic system but was based instead on what they characterized as a self-reliant economy. In other words, they enshrined the chuche idea as the foundation, established a self-reliant line, and built a self-reliant national economy. They pursued trade on the same principle: Establish trade relations only on the basis of self-reliance. As a result of this policy, they said, total exports reached less than 10 percent of national income.

We began to appreciate more clearly a number of limitations and problems facing North Korea's economic progress as we listened to detailed explanations of how North Korea's Third 7-Year Plan (1987- 1993) was contributing to building a self-reliant, socialist economy.

The North Korean scholars had explained that building a self-reliant, socialist economy in North Korea involved the no-holds-barred promotion of the chucheization, modernization, and scientificization of the peoples economy. They said that the meaning of chucheization of the people's economy was to construct an economy that was congruent with the conditions prevailing in North Korea and then emphasize economic progress based only on North Korean resources and only on North Korean technology. This struck us as a clear-cut example of autarky, or adopting an independent economic structure as national policy. The North Korean scholars, however, rejected this terminology.

We were especially interested at this point in a section of their presentation in which they said that North Korea had adopted a tripartite economic policy (chucheization, modernization, and scientificization) at the end of the First 7-year Plan (1973-1979). The said that North Korea's socialist industrialization had been completed during this period.

The problem with that is that North Korea claimed to have completed socialist industrialization by the end of 1970. Yet they now claim that to raise the standard of living of the North Korean people a step higher and solve even more perfectly the people's problems in regard to the basics of food, clothing, and shelter during the on-going Third 7-year Plan, they must increase industrial production 190 percent, production methods and rate of production by 190 percent, consumer products by 180 percent, and agricultural production more than 140 percent. These figures are not possible if Pyongyang had completed industrialization when they said they did. Of course, if they want to claim that they are giving a special, academic definition to the term "socialist industrialization," then I have nothing further to say. But the socialist industrialization they mention in this context clearly is a socialist industrialization that is related solely to production, and cannot be characterized as a socialist industrialization based on levels of productive capacity.

We asked them, "How are you overcoming the difficulties self-reliance imposes on your scientific development?" Their response was that during the course of the Third 7-year Plan, three to four percent of national income was being invested annually to bolster scientific research, adding that the number of scientists, technicians, and specialists had reached 1,350,000, and saying that the issue was no longer a problem. Nonetheless, they were obliged to acknowledge that they had lagged way behind in science and technology. These contradictory statements spoke volumes about the difficulties North Korea faces in building a self-reliant economy.

We Have Some Difficult Economic Obstacles

The three North Korean papers dealt mostly with objectives and details of the Third 7-year Plan and about the industrial management structure which for 30 years has driven the North Korean industry, their primary sector of economic emphasis.

Above all, I wanted to know what were the major problems they had encountered over time in the process of building the socialist economy, how they had solved those problems, and how they intended to solve them in the future.

In asking this question, I recognized that the North Korean scholars would be unable to state with candor that not a single serious economic obstacle existed in

North Korean society. They said, in fact, that the major difficulties they faced today were insufficiencies of raw materials, of power and of the transportation system, including the railroad, which lacked the capacity to support distribution within the economy.

During a conference session, we asked officially, "How much foreign debt does North Korea have, and do you believe you have the capacity to repay this debt?" They answered, "We have about 2- or 3-billion dollars of foreign debt, but we believe that we have no problem in our ability to repay this debt." They said North Korea had invested 4.7 billion dollars in facilities to prepare for 1989's World Festival of Youth and Students in Pyongyang, and asked rhetorically how, then, North Korea could lack the capacity to repay a foreign debt totaling substantially less than that amount.

A socialist economic system generally places great importance only on the production sector while lagging prodigiously behind in the rest of the market, including the distribution sector so prized by capitalism. Socialist economies, however, typically not only lag behind but virtually lack that economic function altogether. When we asked them about this, we triggered a discussion that continued for hours. We began this discussion with a basic understanding of the nature of the market in our mind. The market began when barter began and continued to develop thereafter. Thus, even if changes occur in the ownership of the means of production, all that happens as a result is that the characteristics of the market also change, but in fact the social need for the market and for its functions actually increase over time.

I asked whether, in fact, we could not perceive the market as possessing socialistic characteristics since an analysis of the market's functions reveals that the more an economy develops the more social characteristics the market reveals. I said that in a socialist economic system lacking a market, determining the socially required labor time was inevitably an artificial decision left by default to central planning authorities. If that is true, then it follows that decisions on prices can only be artificial as well. When such decisions are artificially made, I asked, didn't that spell the end of the socialist nature of the socialist economic system itself?

In response, the North Korean scholars said that the market did exist in North Korea, but that theirs was a market conscious of objectives, a market susceptible to deliberate adjustment to accord with the demands of consumers, a market which did not determine prices, which were determined by central planning authorities. They were saying, then, that North Korea has a market, but that this market does not determine prices.

They gave me the impression that they believed the negative features associated with capitalistic societies to be characteristics of the market itself, a very significant misunderstanding.

The North Korean scholars believed that when the market determines prices, then economic panic looms in the shape of inequities in distribution, hoarding and cornering the market, the formation of monopolies, and overproduction. They therefore believed that adopting a market system in a socialist economy would trigger economic crisis.

They were unable to grasp that the market itself is not responsible for the negative phenomena that appear in capitalist economic systems, that these originate from private ownership, from pronounced differences in income, and from the absence of free economy elements from the outset of the system itself.

The North Korea economists clearly understood that the market was not characterized by phenomena conducive to economic crisis either in ancient society or in the feudalistic societies of the middle ages, yet they somehow misconstrued the modern market to be a hotbed of such phenomena, to possess many of the negative features of capitalism, and as being essentially antisocialistic in nature.

They Recognize the Inadequacy of Economic Management Methods

This erroneous perception of the market is not limited to North Korean scholars. Virtually all economists in socialist countries share their mistaken view of the market. This misperception is a basic reason why markets have not existed in socialist states historically. The North Korean scholars made it abundantly clear that they, too, failed to perceive the social dimension of the market. The grand irony is that the market may function most smoothly precisely in a socialist economic system where individual ownership of production means no longer exists and where only minimal differences in income levels prevail. Moreover, a market in a socialist economy, where central planners set prices and production runs, would operate to reduce socialist expenses and make the price of products and consumer items much more crucial, resulting in significant improvements in quality. Indeed, a socialist market system even would make possible a distribution structure centered on the ultimate consumers, the people themselves.

Chances are that if North Korea pursued genuine, human-centered socialism, they would find the socialist market to be absolutely indispensable.

During our discussions, the North Korean scholars candidly acknowledged the inadequacy of methods used to manage their socialist economic system. But we had to agree when they countered with the question, "Don't you think, however, that this is a transitional phenomenon caused by the relatively short history of socialist economies when compared to capitalist economies, as well as by the fact that our political and social conditions were unsatisfactory to start with?"

We set off another lengthy discussion when we asked about the role of human beings in a socialist economy. We noted that North Korea claims that the people are the main nucleus of historical development, while the central-planning structure of the state relegates the people to the passive role of mere objects, denying them their central role in historical development. We asked them what they thought of this observation. The North Korea scholars seemed to believe that because North Korea's socialism was dominated by the chuche ideology that their system made human beings the masters of society. They believed that this problem was less severe in North Korea than in other socialist states.

We countered by acknowledging that we were no experts on chuche, but at the same time we believed that if the chuche ideology were to be realized to its fullest extent the central planning officials would have to be replaced by the self-reliant nucleus of society, the people themselves. We asked, then, whether it was not necessary to replace planning-from-the-top with procedures that accommodated the view of the people, procedures that operated from the bottom up. We told them that the term democracy means that the people themselves are the masters, and that we believed that the chuche ideology could be implemented only through active democracy.

The North Korean scholars worked very hard to convince us that the methods used to manage the socialist economy in North Korea differ markedly from the management methods prevailing in other socialist countries. They said that this was accomplished either by pushing a mass line through the industrial structure, or by going into the masses and deciding on the quantity and quality of production and consumption through a Chongsan-ri industrial model. These approaches, however, clearly reflect the "from above to below" approach.

We did get them to agree that North Korea must begin to research and develop a new policy for managing its socialist economy that is based on "bottom up" approaches and not "top down" dictates.

Discussion of the Problem of Increasing Labor Productivity

We also spent a good deal of time in private discussions on the problem of increasing production capacity in North Korea and also the problem of boosting productivity.

When North Koreans began to build their socialist economy, the existing level of productive capacity was so low as to rule out any ideological definitions. Thus, we began our discussion on the assumption that the formation of North Korean socialism clearly did not follow the process of revolution posited by traditional Marxist economic development theory, in which development in levels of productive capacity triggered conflicts that could be harmonized only through revolution which then opened the door to a socialist economic system.

From its very inception, then, the construction of a socialist economy in North Korea amounted to building socialist production from nothing more than deficient levels of socialistic production capacity, and nobody was able to deny this. In the process of converting to the unilateral socialist economic system, they inevitably encountered the problem of boosting productive capacity, to which they responded with primary emphasis on heavy industry. Thus their central emphasis on production rather than on distribution was an inevitable result of historical development.

We asked them how they could boost labor productivity and productive capacity in a society where the socialist principle of solidarity predominates. Saying that was "really a very difficult question," the North Korean scholars said North Korea had finally decided to boost workers' productivity via education in ideological awareness. They placed primary emphasis on agricultural production after the Korean war when indigent conditions made the problem of food, shelter, and clothing a most urgent one. They promoted agricultural cooperativization on a primary priority basis and later moved on to the process of industrialization. During this discussion we realized just how difficult it had been for them in the post-war era and the kind of situation they faced when they began to build socialist production.

Pushing forward with a strong program of socialistic production at a stage when national productive capacity was virtually nonexistent inevitably lead to a centralization of power as well as to a centralization of planning. Moreover, North Korea not only lacked the primary material elements necessary for technological development, but the country had no access to the relative surpluses available from capitalists in a capitalist economy, surpluses which serve to accelerate technological development and rationalize management systems. We sensed that the absence of these factors had made North Korea's path a thorny one over the years, and that they tread a difficult path today.

From a broader perspective, North Korea has promoted the construction of a socialist economy mainly through ideological education aimed at inspiring a desire for labor in its people and therefore increasing productivity. They also are seeking to accelerate technological development by investing heavily in the science and technology sector, devoting three or four percent of their gross national income in the form of large amounts of social surplus products. North Korea, of course, advocates the superiority of socialism. I think their scholars left the conference with a renewed appreciation of the fact that if North Korea is to back up that claim in the real world, then as a minimum her workers must enjoy a better standard of living than the workers in South Korea.

One thing I want to leave with the reader is that although the North Korean scholars recognized that the process of building a socialist economy in North Korea had been arduous and difficult, they nevertheless were very proud, dignified, unpretentious men.

North Korean Scholars Critical of Changes in Eastern Europe and the Soviet Union

The North Korean scholars understood that the ideas of socialism are under serious challenge today. They know the scope of the practical challenge to the twin theoretic pillars of socialism, the claim to intrinsic superiority and the theory of class struggle. They believe, however, that after World War II, the capitalistic states adopted polices of national welfare which eased the class struggle, and that capitalism developed science and technology more quickly than socialism, resulting in a productivity growth rate that also exceeded that of socialist states.

They also attribute the relatively slow growth of productive capacity in socialist states to unsatisfactory management methods and their need to spend too much of their national treasures on national defense to protect the socialist system. They believe North Korean economic management suffered from a single-minded implementation of uniform management methods throughout the socialist world, an implementation that ignored the fact that the different socialist states were at different levels of economic development.

They react to the challenge to the theory of class conflict by saying that after World War II the social class structure changed in all the capitalist nations as the number of workers in industrial production decreased while the number of workers in the service sector increased.

They believe such changes as these have made it inevitable that a new brand of socialist ideology emerge, a socialism that would adopt a capitalist-like market system and also cause movements to spring up within the socialist camp which reject the dictatorship of the proletariat and the existing communist party. The North Korean economists believe that the series of movements which have arisen within the socialist camp result from revisionism or revanchism. They also believe that the adoption of capitalistic substructures within a socialist system changes the higher socialist structures themselves.

We verified that the North Korean economists criticize changes in the socialist world elsewhere as revisionist or revanchist or even as perestroykan because they regarded grafting a capitalist substructure onto a socialist superstructure as a futile approach antithetical to socialism.

Their critical attitude about this kind of reform seemed to originate in their absolute faith in the superiority of the socialist system. The North Korean economists reject the currently popular forms of revisionism, revanchism, and perestroykanism because they believe these currents will sweep away the upper structure of socialism, a socialism that they believe is the only system in the world that keeps the people free from economic restraints and extortion, that provides them with full employment, that obliterates the gap between the rich and poor, that guarantees their physical security, and that protects them from decadent life-styles.

The Most Important Thing Is Ideological Awareness

Among the most interesting things the North Korean scholars told us was that they believed North Korea was negligent in renovating socialist consciousness, as it related to a Marxist view of history. They believed that the most crucial element in building a socialist economy is the task of raising ideological awareness, causing the people to cultivate the socialist spirit and the communist spirit. They did not perceive ideological awareness as a simple reflection of phenomenal production, but seemed instead to perceive it as an innate quality of social mankind.

The North Korean scholars believe that the movements for revisionism, revanchism, and perestroykanism in the socialist world today resulted from years of neglecting the renovation of ideological awareness on the part of intellectuals in the socialist states. They believe that the loss of power of socialism is the result of a specious process of accommodating the intelligentsia.

As the socialist states have come to universally recognize, politics can never be merely a weapon of class struggle or a means of governance, but must be viewed as the task of managing the place and role of people. Politics is the task of managing the renovation of social relationships.

The contradictions between production and productive capacity trigger both revolution and social development but cannot be their basic cause. The basic cause of social development and revolution is the masses, the people who want to live as their own masters. Contradictions are the triggers for development but not the basic motivation for it. The North Korean scholars emphasize, therefore, that North Korea's communist party is using ideological renovation to put down roots in the masses, where it intends to work from with to remove the causes for the problems Eastern Europe faces.

The North Korea economists said that the socialist economic system was basically superior to the capitalist economic system even in the matter of increasing productivity, but that in the process of actually realizing this superiority in productivity backward management caused their productivity to fall behind. They advanced as their final conclusion that under present circumstances the one and only way to overcome their productivity lag was inculcation of ideological consciousness.

In the End, We Are One

The North Korean scholars seemed to believe that although they started from an insufficient base of productive capacity, until they could realize the Marxist ideal of "Work in accord with ability and consume in accord with need" as a socialist principle, that the nature of mankind inevitably causes socialist productive capacity to stagnate. This belief seemed based on their experience that increased productivity reveals not the abilities of mankind but only increases mankind's desire to consume instead.

They recognized that the methods North Korea had used over the years to manage the socialist economy were unsatisfactory. But they made no attempt to recognize that the failure of socialism to adopt a market mechanism caused errors in their calculations of the time required for socialist labor and also caused the illusion that the decisions of their central planners in regard to value determination, especially in regard to the determination of production prices, were sufficient, causing the North to overlook that socialist price formation should be determined by market forces. At the same time, they were unable to provide a convincing answer to our assertion that the blow to the economy is greater from the economic control and management cost imposed by central planners in a socialist economy than is the cost of exploitation by capitalists in a capitalistic economy. The North Korean economists did not appear to know or to have studied the reasons why North Korea would have less money available for capital reinvestment if it clung to existing methods of managing the socialist economy than it would have if reinvestment capital were being supplied by capitalists who first exploited overall profits. Instead, they simplistically believed that the reason lay completely outside the management sector, in fact that the reason was to be found exclusively in the need for excessive national defense outlays to maintain the socialist system.

Although the North Korean scholars shared the same propensities as any scholar immersed in the research of Marxist politics and economics, their espousal of the theory of labor value, that value is produced only in the production sector, guaranteed that they would lightly regard the role in economic development of both the distribution sector and the consumption sector of the economic cycle and ensured as well that they only partly accepted that the production and productive capacity of the socialist countries lags significantly behind today.

In conclusion, something I must add is that we and the North Koreans are one. We found numerous common points between us during our official and private discussions with the North Korean scholars about the various problems they have encountered and are encountering in the course of building a socialist economy. As the conference ended, I felt compassion and affection for them. North Korea must develop economic policies allowing more openness and diversity if their socialist economy is to develop further, and they must also inaugurate a process of rational and scientific criticism from within.

Editorial on Building of North-South Relations

SK1110022390 Seoul THE KOREA HERALD in English 11 Oct 90 p 4

[Editorial: "Laying the bricks"]

[Text] The unusual encounter of soccer teams from both South and North Korea in Pyongyang today will be dramatic and symbolic indeed. The competition is overshadowed by its predominant nature as a goodwill match. It is expected to be a momentous act of breaking the ice between the two parts of the Korean Peninsula.

The South Korean men's and women's soccer contingents, which had participated in the Asian Games in Beijing, flew into the North Korean capital Tuesday for the first round of the South-North Korean Unification Football Matches. If nothing intervenes, the subsequent rounds will be played alternately in Seoul and Pyongyang.

The southern delegation, accompanied by Sports Minister Chong Tong-song and the press, is scheduled to return to Seoul this weekend crossing the Korean demarcation line at Panmunjom. It will be the first such visit to North Korea with cross-border travel by athletes. Only one exchange ever took place of groups of hometown visitors and performing artists, arranged by the Red Cross years ago.

The atmosphere for a meaningful intra-Korea dialogue has been favorable, at least on the surface, following the first prime ministers' talks in Seoul. The latest Beijing Asiad afforded a rare common ground for people from the two long-opposed areas to mingle freely and renew long-lost ties.

Next came the accord on the soccer games. In New York, motion picture producers and actors from South and North Korea are meeting today to begin their joint film festival. On Oct. 18 South Korean musicians will be performing at a joint concert to be held in Pyongyang. And about the same time, Prime Minister Kang Yong-hun will meet North Korean officials there.

These successive openings in the frozen relations between the South and North, either governmental or nongovenrmental, apparently herald significant changes in inter-Korean relations with Pyongyang seemingly seeking to swim with the tide, and relenting somewhat to international pressures for detente and accommodation.

These developments deserve approval and welcome, no matter what inspired the North Koreans toward them. However, too much optimism and complacency should not be allowed to spawan rash and indiscriminate actions in courting sentimental and adventurous exchanges with the North. We have to build slow and steady, laying bricks one upon another on a solid foundation.

Tourists Subject to Present Currency Laws

SK1010012890 Seoul THE KOREA HERALD in English 10 Oct 90 p 6

[Text] The government has decided to apply the present foreign exchange management regulation to South and North Koreans who visit the opposite side this month to participate in the "Pan-National Unification Concert" and the "Korea Unification Football Tournament."

Under foreign exchange control regulations, South Koreans visiting Pyongyang can take with them up to $5,000 per person for the case of staying in North Korea within 30 days, and an additional $2,500 if their stay exceeds 30 days.

Meanwhile, North Koreans visiting Seoul can bring up $5,000 per person without registration on the Korean Customs Administration or foreign exchange-dealing banks here, and over $5,000 if they register with the appropriate institutions.

The conversion of North Korean currency into the South's won and its direct use here, however, will be prohibited until Seoul and Pyongyang reach an agreement on the matter, the Ministry of Finance said yesterday.

China Urges DPRK To Sign Nuclear Agreement

SK1010085590 Seoul CHOSON ILBO in Korean 8 Oct 90 p 1

[Text] A high-level ROK Government source said on 7 October that recently the Chinese Government strongly advised North Korea to subscribe to the nuclear safeguards agreement of the International Atomic Energy Agency.

The fact that the Chinese Government, which had constantly kept silent on this issue, officially pressured North Korea to sign the nuclear safeguards agreement is significant, considering the progress in ROK-PRC relations, the establishment of ROK-USSR diplomatic relations, the moves toward establishing Japanese-DPRK diplomatic relations, and other new developments around the Korean Peninsula.

It also was learned that, in addition, the Chinese Government had advised North Korea to free itself from its excessive isolationist policy and to open up through North-South dialogue and exchange.

It also was learned the Chinese Government is making efforts to alleviate North Korea's feelings of military-diplomatic isolation, caused by worsening relations between North Korea and the Soviet Union, and that, as part of such efforts, the Chinese Government recently sent Defense Minister Qin Jiwei to North Korea, the first such visit in eight years. The last such visit was in 1982.

A high-level government source well versed in Chinese affairs said "it was confirmed through diplomatic channels that the Chinese Government advised North Korea to subscribe to the nuclear safeguards agreement and to open up" and that "this can be interpreted as evidence that, in an effort to adapt itself to the moves toward establishing diplomatic relations between North Korea and Japan, the development of relations between the ROK and China, and other developments in the situation around the Korean Peninsula, the Chinese Government, which had politically supported North Korea up to now, began to move toward maintaining a balance in relations with North and South Korea."

PRC Reportedly Will Not Veto UN Admission

SK1110082090 Seoul KYONGHYANG SINMUN in Korean 11 Oct 90 p 1

[Text] It was learned on 11 October that China had informed North Korea that China would not veto the ROK's unilateral admission into the United Nations.

A high-level government source well versed in Chinese affairs said on 11 October: "We learned that when Kim Il-song visited Shenyang on 11 September and held talks with CPC General Secretary Jiang Zemin, he asked Jiang Zemin to veto the ROK's admission into the United Nations." He added: "We learned that General Secretary Jiang had said that, because of the recent international relations developments and atmosphere in the United Nations, it is difficult for China to find an excuse any longer for blocking the ROK from entering the United Nations."

This source, who returned after visiting China during the Asian Games, said that he learned this from diplomats who have close ties with high-level officials in the Chinese Foreign Ministry and the CPC.

This source also said: "It was learned at one time that talks were held between Kim Il-song and Deng Xiaoping. However, this is not true." He added: "It was learned that in Shenyang, Kim Il-song met General Secretary Jiang Zemin and Zhu Liang, head of the CPC International Liaison Department, who, it was learned, is an influential figure in the CPC."

This source also said that diplomatic circles in Beijing learned that the admission into the United Nations by North and South Korea was extensively discussed in the Shenyang talks, which were held immediately after Soviet Foreign Minister Shevardnadze informed Chinese Foreign Minister Qian Qichen on 1 September in Harbin that the Soviet Union would establish diplomatic relations with the ROK, and immediately after Shevardnadze informed Kim Yong-nam of this during their talks in Pyongyang on 2 September.

On 1 October, the day after the ROK and the Soviet Union established diplomatic relations, Pak Kil-yon, permanent North Korean observer to the United Nations, said that the plan for North and South Korea to enter the United Nations as a single member is not absolute, thus hinting that the North's UN policy may change. It is believed that his statement is connected with China's change of attitude.

The ROK Government recently said that, as a result of two rounds of discussions on the admission into the United Nations in Panmunjom, it is not necessary for the ROK to hear any further explanations by North Korea and that, if North Korea opposes our plan for simultaneously entry into the United Nations in the 2d high-level talks, "we cannot wait any longer" (Foreign Minister Choe Ho-chung). In this way, the ROK Government hinted that the ROK may unilaterally enter the United Nations. This attitude, too, appears to be connected with China's change of attitude.

Kim Il-song Consents to PRC Trade Office

SK1010082790 Seoul SEOUL SINMUN in Korean 9 Oct 90 p 2

[Text] Pak Chol-on, Democratic Liberal Party lawmaker, who had visited China during the Asian Games, said on 8 October that "during my stay in China, I met Chinese cabinet ministers and extensively discussed the establishment of diplomatic relations between the ROK and China along with economic cooperation" and "I heard that when North Korea's Kim Il-song was visiting Shenyang on 11 and 13 October, the Chinese side informed Kim Il-song that the ROK and China will exchange trade offices and that it obtained his consent."

Lawmaker Pak also said "when I met the Chinese side, I felt that China's principle of separating political affairs from economic ones, which it had maintained so far in its relations with the ROK, underwent a little change." He also said: "Because of its relations with North Korea, the Chinese side preferred opening only trade offices. But it said it is all right to limitlessly expand their functions."

Lawmaker Pak continued by saying that the Chinese side realized when it met Kim Il-song that North Korea was uneasy not only about its economic collapse and isolation, but also about its hereditary system. He also said: "North Korea expects much may happen from the instability that might be caused by the merger of the three parties in the ROK. It is very likely that, in case it faces domestic disturbances like those of Romania and other East European countries, North Korea may provoke a local or all-out war to avoid a catastrophe."

Meanwhile, it was learned that when Kim Chong-in, senior Chongwadae secretary for economic affairs, was visiting China in late August, the government offered assistance for the Asian Games and $2.5 billion in economic cooperation in return for the establishment of diplomatic relations between the ROK and China.

Businesses Promote DPRK Trade Through China

SK0710032790 Seoul THE KOREA TIMES in English 7 Oct 90 p 9

[Text] Business concerns are endeavoring to promote economic and trade exchanges with North Korea through China.

Such business groups as Samsung, Daewoo, Lucky-Goldstar and Sunkyong are expanding the roles and manpowers of their branch offices in Beijing for the promotion of economic and trade ties with North Korea.

They have so far engaged in indirect trade with North Korea through trading agents in third countries.

As they have suffered a lot of problems including claims in indirect trade with North Korea, they are now concentrating efforts on increasing trade relations with the North through their branch offices in Beijing set up by their general trading companies.

In the meantime, enterprises are set to take part in triangular border trade between North Korea, the Soviet Union and China for the promotion of economic and trade exchanges with the North.

It is reported that they have already studied the feasibility of triangular border trade.

They have especially probed the amount of merchandise to be exchanged in triangular trade and the possibility of setting up joint ventures with the three socialist countries.

The increasing activities by business concerns in China are chiefly ascribed to the exchange of trade offices between Korea and China slated for this month and growing amity in relations between the South and the North.

Business experts said that contacts with Chinese trading agents will ease economic and trade exchanges between the South and the North in consideration of diplomatic ties between Beijing and Pyongyang.

Possibility of Early Ties With China Noted

SK1010130390 Seoul CHUNGANG ILBO in Korean 9 Oct 90 p 1

[Text] With the close of the Beijing Asian Games, both our government and the Chinese Government are rapidly promoting negotiations to establish diplomatic relations between our countries at an early date.

It has been learned that the Chinese side recently sent our government a telegram that said China expects to hold a contract between both sides to normalize relations at an early date. Accordingly, it has been learned that apart from a plan to establish trade offices, which has already been agreed upon with China, the government is launching a working-level contact between governmental authorities to normalize relations with China at an early date.

Revealing that "the Chinese side so far has greatly refrained from any concrete remarks or activities related to normalizing relations with our side because it was afraid North Korea would obstruct a successful Beijing Asian Games," a high-ranking government authority said "the Chinese Government, however, has begun moving toward activities to normalize diplomatic relations at an early date, while openly talking about the Beijing Asian Games, which were successful, and Korean support for the games."

The government official analyzed "the remarks by Chinese Foreign Minister Qian Qichen at a scholars' seminar during the UN General Assembly on 3 October, that China improved relations with the Soviet Union and Mongolia, and thus will improve and develop relations with other neighboring countries" as the sign indicating negotiations for establishing diplomatic relations to the ROK are near. He also pointed out that "through Foreign Minister Choe Ho-chung's news conference at the United Nations, the ROK also revealed it would normalize diplomatic relations with countries with which it has no diplomatic ties, including China, by the end of next year."

It has been learned that during the Asian Games a high-ranking Foreign Ministry official visited China from 3 to 6 October and negotiated with the Chinese Foreign Ministry officials to normalize relations at an early date. In addition, it also has been learned that through several channels, negotiations to normalize relations, expand trade, and discuss economic cooperation have been made in detail.

On establishing trade offices, which the ROK and China have already agreed upon, Yi Son-ki, president of the Korean Trade Promotion Corporation, will visit Beijing on 15 October and hold final negotiations.

On the characteristics of the ROK trade office to be established in Beijing, the Chinese side already informed our side and North Korea that even though it will be a civilian office, China does not care whether Foreign Ministry officials, the National Security Planning Board, or other departments are dispatched to it.

Therefore, it is certain the Beijing trade office will serve as a consular department office like the ROK consular department office in Moscow, which assumes consular and diplomatic duties. Both countries [China and the ROK] believe they will establish diplomatic relations as soon as possible.

Soviet Expert Proposes Nuclear Free Peninsular

SK1110030490 Seoul YONHAP in English 0243 GMT 11 Oct 90

[Excerpt] Seoul, Oct. 11 (YONHAP)—A Soviet arms control expert, in a paper delivered at a seminar in Seoul, has proposed the removal of tactical nuclear missiles from South and North Korea and the establishment of a denuclearized zone on the Korean peninsula.

Aleksey Arbatov, head of the department on problems of disarmament at the Institute of World Economy and International Relations (IMEMO), said Wednesday, "Removal of U.S. lance tactical nuclear missiles might be the first step to establishment of denuclearized zone on Korean peninsula. In response, North Korea would dismantle and eliminate its FROG [Free Rocket Over Ground] and Scud surface-to-surface tactical missiles."

The seminar on arms control on the Korean peninsula is hosted by the Korean Foreign Ministry's Institute of Foreign Affairs and National Security (IFANS).

Arbatov said that setting up a chemical-weapons-free zone on the peninsula open to international inspection, making nuclear power stations subject to IAEA safeguards and chemical plants to international control inspections was needed to alleviate tension on the Korean peninsula [passsage omitted].

First Soviet Tour Group Begins Eight-Day Visit

SK0710021590 Seoul THE KOREA HERALD in English 7 Oct 90 p 3

[Text] A group of 39 Soviet tourists, mostly factory workers, came to Korea on an Aeroflot flight last week for an eight-day tour. They are the first Soviet group to visit the country for sightseeing, said a spokeswoman for Jindo Creative Tour Co., which arranged their trip, yesterday. She said the Soviets will tour historical sites and industrial facilities in major cities like Seoul, Pusan and Kyongju. The visitors are workers of a paper factory in Kondopaga City in the Soviets' Karelia Republic, she said.

Business Groups Rush to USSR After Ties

SK1010023690 Seoul YONHAP in English 0223 GMT 10 Oct 90

[Text] Seoul, Oct. 10 (YONHAP)—South Korean conglomerates have actively cultivated economic cooperation projects in the Soviet Union since the two nations established diplomatic ties Sept. 30.

The Samsung Business Group is wrapping up negotiations on the sale of 1.5 billion U.S. dollars worth of electronics products and is looking for a share of the 2 billion dollars of projects that are expected to be agreed on by the two governments in the second round of ministerial-level talks on economic cooperation next month in Seoul, a source said on Wednesday.

The Hyundai Group is pushing forward with forestry development in Svetlaya, Siberia, coal mining, natural gas development, building a soap factory and setting up a personal computer maker, the source said on condition of anonymity. Hyundai is also trying to take part in a 2 billion-dollar petro-chemical industrial complex, the source said.

The Daewoo Group is seeking to add to its joint ventures already agreed on with the soviets for building a sewing factory and a hotel, the source said.

Lucky-Goldstar Group will soon start building a 300 million-dollar Korean trade center in Moscow and a 4 million-dollar medical syringe factory, the source said.

Japan Agrees to Early Normalization of Relations

SK1110054090 Seoul YONHAP in English 0505 GMT 11 Oct 90

[Text] Tokyo, Oct. 11 (YONHAP)—Japan and North Korea agreed on early normalization of their relations Wednesday. The agreement was made between Ichiro Ozawa, secretary general of the Ruling Liberal Democratic Party (LDP), and North Korean leader Kim Il-song in Pyongyang, where Ozawa is attending celebrations to mark the 45th anniversary of the Workers Party, Japanese reports said Thursday.

Under the accord, the two governments will have detailed negotiations on normalization of diplomatic ties at an early date, the reports said. "There exists no obstacle in going into formal and full negotiations," the reports quoted Kim as telling Ozawa. North Korea, in a move to get out of deep isolation since its foundation in 1948, wants to establish diplomatic ties with Japan because South Korea has opened ties with the Soviet Union.

'Rash' Japanese Moves Criticized

SK1110023390 Seoul THE KOREA TIMES in English 11 Oct 90 p 6

[Editorial: "Japan's Double-Faced Approach"]

[Text] We are concerned about Japan's rash moves to improve its ties with North Korea by employing an apparently double-faced approach towards the two halves of Korea. Such Japanese moves were seen in the recent visit to Pyongyang by the Japanese bipartisan delegation headed by former deputy premier Shin Kanemaru, an influential figure in Japan's ruling Liberal Democratic Party [LDP].

During its visit to North Korea Sept. 24-28, the Japanese mission and North Korean Workers' Party signed an eight-point joint statement calling for the early start of government-to-government talks on normalizing ties. The statement, adopted technically between Japan's ruling LDP and its first opposition party—the Japan Socialist Party—and North Korea's ruling party, contains points which can hardly be acceptable to South Korea.

In this regard, Kanemaru himself flew into Seoul Monday and paid a call at Chongwadae to brief President No Tae-u on his recent visit to Pyongyang. The Japanese unofficial envoy, who was reportedly moved to tears when he met with North Korean leader Kim Il-song, was quoted as having said to No that he fully agrees to what has been demanded by President No as conditions in connection with the Japanese effort to improve ties with North Korea.

One day later, Ms. Takako Doi, chairwoman of the Japan Socialist Party, in turn met with Kim Il-song in Pyongyang as one of the foreign guests attending yesterday's ceremony celebrating the 45th anniversary of the founding of the Korean Workers' Party, North Korea's ruling party. Thus, Japanese are making a fuss by casting amorous glances at Pyongyang and suggesting compensation to North Korea for its 35-year colonial rule over Korea.

As a matter of fact, it is encouraging to see North Korea induced to follow the prevailing global trend toward openness and democratic reform, though reluctantly, possibly under Soviet pressure. At this moment, however, to our apprehension, Japanese are taking a step ahead of South Korea and the United States in improving ties with North Korea. The Japanese used to be often criticized for employing a dual policy with respect to the Korean peninsula by capitalizing on the division of Korea itself despite the fact that Tokyo officially admitted Seoul to be the only legitimate government representing Korea in the basic rapprochement treaty with the Republic of Korea.

Pyongyang is now continuing inter-Korea dialogues with Seoul, under international influence or in an apparent attempt to delay South Korea's admission into the United Nations.

Under the pretext that the joint statement was adopted by the Japanese bipartisan delegation and North Korean ruling party, Kanemaru was reported to have claimed that the Japanese government is not accountable for any results of his mission's Pyongyang visit.

In light of the Japanese political reality that the Japanese government adopting a Cabinet-responsible system is absolutely in the hands of their ruling party, the Japanese ploy used in pursuit of rapprochement with North Korea is only designed to help the Japanese government avoid being held responsible internationally for its rapid approach toward Pyongyang in disregard of the adequate tempo being maintained by South Korea and the United States.

Improved ties between Japan and North Korea should not be sought so rashly as they will have a wide impact on inter-Korean relations including the eventual reunification of the divided country, and peace over Northeast Asia as a whole. Accordingly, Japan is asked to improve ties with Pyongyang in a broad and farsighted way. In this context, Japan should consult Seoul and other friendly countries concerned with the Korean peninsula before starting talks with Pyongyang on normalizing bilateral ties.

If Tokyo really wants peace on the Korean peninsula and hopes to help accelerate inter-Korean dialogue, it should withhold compensation or economic assistance to North Korea until its full diplomatic ties with that Communist country are achieved. The rash Japanese approach toward Pyongyang is likely only to alienate the two Koreas from each other by helping North Korea slow down its moves to openness and reform.

Kanemaru Briefs President No, Leaves for Tokyo

OW0810132790 Tokyo KYODO in English 0958 GMT 8 Oct 90

[Text] Seoul, Oct. 8 KYODO—Japan's powerful conservative politician Shin Kanemaru left for home after two hours of talks with South Korean President No Tae-u whom he briefed about his visit to Pyongyang last month.

New Defense Head on Illegality of DSC Actions

SK1010122590 Seoul YONHAP in English 1212 GMT 10 Oct 90

[Text] Seoul, Oct. 10 (OANA-YONHAP)—An in-house investigation is under way from Wednesday on the recently-exposed political surveillance by military intelligence, Defense Minister Yi Chong-ku said. "The incident was a clear abuse of power," Yi said, saying the Defense Security Command [DSC], a military intelligence arm accused of the illegal surveillance, "had acted from sheer force of past habit."

Yi, reporting to the National Assembly National Defense Committee Wednesday, also apologized to the people and those subjected to the illegal operation, vowing to carry out "bold reforms" in duties and functions of DSC after an extensive probe.

An Army deserter Pvt. Yun Sok-yang exposed the DSC activity last week, displaying classified papers, computer discs and other data he took from the military intelligence office as material evidence. The dossiers showed some 1,300 civilians, mostly opposition leaders and activists, were under close watch by DSC.

Yi, appointed defense minister just two days ago, said a five-member committee of prosecution and military officials were originally to begin the probe. But an in-house investigation was launched instead after defense minister and DSC commander were reshuffled, Yi said.

Lawmakers at the committee hearing concentrated mostly on organizational and policy reforms on DSC and preventing recurrence of such incidents. They also raised questions on leaking of classified military information and loss of discipline in the military.

University Issues Passes to Intelligence Agencies

SK0710022990 Seoul THE KOREA HERALD in English 7 Oct 90 p 3

[Text] Rumors of campus surveillance by intelligence agencies were given additional support by the state-run Seoul National University yesterday when they confirmed the issuance of entry passes for vehicles belonging to several intelligence agents.

A university spokesman said that as of Sept. 24 the school issued five passes—four to the Agency for National Security Planning and one to the Defense Security Command.

Burma

NLD Leaves 'All Options Open' for Dialogue

BK1110004890 Hong Kong AFP in English 1834 GMT 10 Oct 90

[Excerpt] Rangoon, Oct 10 (AFP)—The National League for Democracy (NLD) said it would leave all options open for a dialogue with military authorities because discussions are "vital to the long- and short-term interests of the nation."

The decision to leave the door open for dialogue with the ruling State Law and Order Restoration Council (SLORC) came Tuesday at the end of a four-day session of the NLD's 44-member Central Committee. The committee also decided to form an "affairs committee" to deal with issues regarding the party's 392 elected parliamentary candidates, spokesman Khin Maung Swe said Tuesday. The 68 member affairs committee would also work together with the Central Executive Committee towards the eventual convening of parliament, he said.

"We continue to firmly believe that a dialogue between NLD as the leading political party and the SLORC is absolutely essential if the interest of the nation is to be served," Mr. Khin Maung Swe said.

The SLORC recently rejected another NLD overture for a dialogue on grounds that it would "not discuss politics outside the framework of law." But the NLD spokesman said the objective of seeking a dialogue was not for the sake of gaining power by one political party but in the interest of "national reconciliation."

"We feel that no short- or long-term interest of the nation can be achieved without a dialogue between the NLD and the SLORC," Mr. Khin Maung Swe said. [passage omitted]

Night Curfew Further Relaxed by One Hour

BK1010150790 Rangoon Domestic Service in Burmese 1330 GMT 10 Oct 90

[Text] Order Number 4/90 of the State Law and Order Restoration Council [SLORC] has been issued on 10 October 1990—the seventh day of the waning moon of Thadingyut, 1352 Burmese Era. The full text of the order is as follows:

Order Number 9/88 of the SLORC issued on 20 December 1988—the 12th day of the waning moon of Nadaw, 1350 Burmese Era—has been amended as follows:

No one, without proper authorization, is permitted to travel on the streets between 2200 and 0400, has been changed to: No one, without proper authorization, is permitted to travel on the streets between 2300 and 0400.

By the authority vested in me
Signed: Major General Khin Nyunt, secretary-1, State Law and Order Restoration Council.

Government Looks to Singapore for Economic Help

BK0910155490 Hong Kong AFP in English 1136 GMT 9 Oct 90

[Text] Singapore, Oct 9 (AFP)—Burma is looking to Singapore to participate in its economic development after a turnabout in Rangoon's policy of self-reliance, a Burmese official said here Tuesday.

Thaw-da Sein, director general of the Burmese Ministry of Trade, said he was optimistic that Singapore and Burma could work together to their mutual benefit. "I ... strongly believe that if we could possibly interlink the capital, technology, experience and efficiency of Singaporeans with the abundant natural resources of Burma, the output will be of substantial benefit to both sides," Mr. Thaw-da told a two-day seminar.

He said Burma had lived with a centrally-planned economy for nearly three decades and with an inward-looking economic policy which hindered exports and thus caused balance of payments' difficulties. That had been replaced with a more outward looking policy, seeking to boost exports since 1988, when the State Law and Order Restoration Council took power, he said.

Mr. Thaw-da said the Burmese Government had set up a legal framework to encourage foreign investment and participation in the new economy. The seminar on business opportunities in Burma was organised by Singapore's Trade Development Board (TDB).

Two-way trade totalled 256 million dollars (147 million U.S.) in 1989, up 13.4 per cent from 1988, the TDB said in a press release to coincide with the seminar. The republic's exports were worth 172 million dollars (99 million U.S.) comprising mainly petroleum, electrical products, equipment and parts while imports, mainly of timber and timber products, rubber, apparel and other raw materials were worth 84 million dollars (48 million U.S.). For the first five months of this year, trade with Burma amounted to 204 million dollars (117 million U.S.).

Mr. Thaw-da also said that Burma's trade relations with Asian countries were now becoming more important and significant than with the European Economic Community (EEC). Some 87 per cent of Burma's exports went to its main Asian trading partners such as Japan, China, India, Singapore and Thailand in 1988-89, compared with 71.3 per cent in 1983-84, he said. At the same time, its exports to EEC countries fell from 12.4 per cent of the total in 1983-84 to just 3.5 per cent in 1988-89.

Brunei, Malaysia, Singapore

Singapore

Foreign Minister's UN Speech Highlighted

BK0910080490 Singapore THE STRAITS TIMES in English 8 Oct 90 p 26

[Editorial: "Security in Unity"]

[Text] Foreign Minister Wong Kan Seng undoubtedly spoke for many countries when he said on Wednesday [3 October] that superpower detente does not necessarily mean a more congenial international environment. Speaking at the 45th session of the United Nations General Assembly, Mr Wong noted how Soviet President Mikhail Gorbachev's "new thinking" had eased tensions between the superpowers and contributed greatly to world peace. Added to the changes in Eastern Europe and especially the unification of Germany, good East-West relations showed a very promising trend. However, the end of the cold war did not signify the end of history. "History will go on and it will not be boring. If we are not careful, it might even be devastating," Mr Wong said.

The Foreign Minister's choice of words could not have been more appropriate. Just two months ago, Iraqi President Saddam Husayn proved just how strong a motivation history could be when, exploiting Kuwait's ancient historical links with his country among other things, he calmly proceeded to overturn recent history and annexed the country. In doing so, President Saddam challenged and held to scorn an entire phase of world history during which the framework for peaceful international relations had been laid. The Iraqi action was a reminder that international security is as threatened today as it ever has been. That is where the UN's role becomes crucial. As the overall multilateral guarantor of global peace and stability, the organisation has a responsibility to ensure that such acts of depredation do not pass unpunished. The Security Council's creditable response to the Iraqi aggression shows that a strong and united reaction from the UN can act as a brake on expansionist powers. In a different context, the ability of the council's five permanent members to come together led to progress on the Cambodian issue. The UN's ability to protect and promote international peace is hence immense.

Mr Wong went further. The UN should not only be a fire-fighter, he said. It is better, in fact, if the UN can prevent aggression. This is a worthwhile suggestion. The way for the UN to fulfil this role is to create a climate of international opinion in which the use of force will rapidly grow less of a real option for powerful nations. That, in turn, can be done only if the UN takes preemptive steps, such as warning a country which it knows is going to attack another. This kind of action is more effective than the long and messy reactions, possibly including war, which it takes to get an invading country out of the land it has grabbed. Of course, the action will be effective only if nations which choose to ignore it are subsequently made to pay for their defiance. A climate of restraint is built up, in the final analysis, by a climate of precedents. Deterrence, be it economic or political or military, is the best defence.

All this has special relevance to the security of small states. Mr Wong spoke of the "paradox of peace" such countries face. On the one hand, there is the welcome disappearance of the cold war political pattern; on the other hand, the global retreat of the superpowers is creating opportunities for regionally ambitious countries which are probing an evolving international system to see where its weaknesses might lie. Since the end of World War II, the world order, underpinned by the superpowers, has been one whose rules were understood by all. The UN has a critical role to play in ensuring that, as the old order gives way to the new, countries do not take advantage of the transition to create a different set of rules in which might is right. Small states in the Third World, which would be especially vulnerable to such a development, depend on international organisations for their protection. In its response to the Gulf crisis, the UN has shown that it is sensitive to the needs of such countries. That sensitivity needs to be maintained in the interests of a peaceful and stable world.

Cambodia

Hun Sen, Delegation Continue Trip to India

Talk With Prime Minister

BK1010142990 Phnom Penh SPK in English
1150 GMT 10 Oct 90

[Text] Phnom Penh SPK Oct. 10—Talks were held at Hyderabad House (Government Guest House), New Delhi, Tuesday afternoon between the visiting delegation of Cambodia led by Prime Minister Hun Sen and the host delegation led by the Indian Prime Minister V.P. Singh, reports an SPK correspondent from the capital of India.

Also present at the talks were, on the Cambodian side, Minister of Planning Chea Chanto, Minister for Foreign Affairs Hor Nam Hong, Minister of Trade Nhim Vanda, Deputy Foreign Minister Sok An, Deputy Cabinet Minister Cham Prasit, Ambassador to India Sot Sat and others, and on the Indian side, Minister for External Affairs I.K. Gujral, Minister of State for Commerce A. Sreedharan, Minister of Finance Madhu Dandayate, Minister of State for Defence Raja Ramannam, Secretary of Department of Culture B. Ghosh, Indian Charge D'Affairs to Cambodia K. Wangdi and others.

During the talks, the Indian side expressed its support for the Cambodian [words indistinct] in materializing a cease-fire in Cambodia and on the principle of respect to Cambodia's sovereignty.

The Indian side pledged to increase scholarship for Cambodian students and to provide the Cambodian war invalids with 3,000 artificial limbs. The Indian leader spoke about the possibility of promoting trade relations between the two coutries.

In the morning the same day, Prime Minister Hun Sen called on and had formal breakfast with former Indian Prime Minister Rajiv Gandhi and then paid a courtesy visit to Indian Vice President S.D. Sharma and Indian President Venkataraman.

Angkor Restoration Discussed

BK1110013590 Phnom Penh SPK in English 1128 GMT 10 Oct 90

[Text] Phnom Penh SPK Oct 10—Prime Minister Hun Sen met Monday afternoon at Hyderabad House (government guest house), New Delhi, with B. Ghosh, secretary of the Department of Culture of India, to discuss about the Indian restoration of Angkor Wat Temple, reports an SPK correpondent from the capital of India.

Also attended the meeting were Minister of Planning Chea Chanto and Minister of Trade Nhim Vanda.

The plan for the restoration of Angkor Wat Temple by India within a period of six years with the fund of 50 million rupees has been divided into six stages, each involves from 12 to 14 Indian experts for the period of six months.

India, according to the plan, has covered the labour wage for Indian workers, their ticket fee from Delhi to Phnom Penh and vice versa and the transportation of technical and chemical materials and other necessary things.

Cambodia has covered the wage for local workers, the construction materials with the coast of one million riels each year, the accommodation for Indian experts and the transportation of materials from Phnom Penh to Siem Reap-Oddar Meanchey Province.

Up to 1990, the fourth year of the plan, it has been achieved by 65 percent.

In the meeting, the Cambodian leader sought from India the improvement of work by the Indian specialists by asking not to change those who have already got experiences in this work. He also asked India to make shipment of materials to Phnom Penh port from October to December to make it easy to transport along Tonle Sap River to Siem Reap, and to add some more engineering materials, including cranes for lifting blocks of stones.

Hun Sen also asked India to urge UNESCO to provide aid for the restoration of Cambodia ruins.

For his part Mr. B. Ghosh expressed his country intention to train Cambodian youth to become archeologists.

The training, he said, could be either in Cambodia or in India. He said that the plan for the restoration of Angkor Wat Temple would have been completed by 1993.

He also expressed his intention to have, with Cambodia, a cultural agreement which, in return, was welcomed by Prime Minister Hun Sen.

CSFR, Hungary, Cuba Greet Hor Nam Hong

BK1010082990 Phnom Penh SPK in English 0529 GMT 10 Oct 90

[Text] Phnom Penh SPK October 10—Hor Nam Hong, newly appointed foreign minister of the State of Cambodia, has received congratulations from his Czechoslovak, Cuban, and Hungarian counterparts.

In his congratulation message, Jiri Dienstbier, foreign minister of the CSFR said : "On the occasion of your appointment to the post of foreing minister of the State of Cambodia, I would like to express my firm conviction that the solidarity and friendship between Czechoslovakia and Cambodia would be further developed."

For his part, Dr. Jeszenszky Geza, foreign minister of the Republic of Hungary, said: "Please allow me to extend to you my congratulations and best wishes on your new appointment."

Cuban Foreign Minister Isidoro Malmierca said : "I am very glad to assure you that in your new position, you will have my support and solidarity. I would like to reaffirm that the solidartity and friendship between our two countries, and between us personally will be further consolidated and developed."

France Plans To Train Phnom Penh Personnel

BK0710072290 Phnom Penh SPK in English 0503 GMT 7 Oct 90

[Text] Phnom Penh SPK October 7—Personnel from the State of Cambodia are to receive training in France, French Deputy Foreign Minister Thierry de Beauce was quoted by the BANGKOK POST as saying in the Thai capital on October 1 following a visit to Cambodia, VNA reports.

De Beauce, the most senior Western official to visit Cambodia in more than 15 years, said that training courses on economic planning would be opened in France for them.

He left Phnom Penh last Monday after a tour of the ancient Angkor Wat Temple complex in northern Cambodia which capped a landmark three-day visit for talks with Prime Minister Hun Sen and other senior officials of the State of Cambodia.

De Beauce, who also attended the opening of "Alliance Francaise" in the Cambodian capital, further said that French experts would be sent to Cambodia to determine the extent of assistance needs in the war-torn country.

He stated that the experts would survey needs in agriculture, particularly in rubber plantation, road building, and the upgrading of the southern deep-sea port at Kompong Som.

The French official said his country would also provide aid for public health care and in the setting up of a legal system in Cambodia.

Chea Sim Stresses Call To Resume SNC Meeting

*BK1110043490 Phnom Penh SPK in English
0533 GMT 10 Oct 90*

[Text] Phnom Penh SPK October 10—Chea Sim, Politburo member of the People's Revolutionary Party of Kampuchea Central Committee, received here yesterday Ha Dang, editor-in-chief of the "NHAN DAN" newspaper, organ of the Communist Party of Vietnam; and Buaban Vorakhun, editor-in-chief of the "PASASON" newspaper, organ of the Lao People's Revolutionary Party, who had come to attend a meeting of Cambodian journalists held on the occasion of the fifth anniversary of the "PRACHEACHON" newspaper.

Som Kimsuor, editor-in-chief of the "PRACHEACHON" paper, was also present.

Chea Sim, who is also chairman of both the National Assembly and the National Council of the United Front for Construction and Defence of the Kampuchean Fatherland, thanked the "NHAN DAN" and "PASASON" newspapers for their support and assitance to the Cambodian party paper "PRACHEACHON" over the past years.

He recalled the latest developments in the process of a political solution to the Cambodian problem and the setting up of the Supreme National Council (SNC). He also spoke of the failure of the first SNC meeting held in Bangkok over the selection of its chairman and vice-chairman. He recalled the following possibilities raised by the Phnom Penh side concerning the composition of the SNC: If Prince Sihanouk is made chairman of the SNC, then Prime Minister Hun Sen must be vice-chairman; the SNC may have two co-chairmen or alternate chairmen.

He stressed that the Phnom Penh side wants to convene the second SNC meeting as soon as possible in order to reach agreement on the selection of its chairman and vice chairman and discuss the framework of a political solution to the Cambodian problem. However, he said any settlement of the Cambodia issue must guarantee the achievements recorded by the Cambodian people over the past years.

Chairman Chea Sim recommended the editors-in-chief of the three newspapers to promote their role in working for peace, development and mutual understanding among nations.

For their part, the three editors-in-chief pledged to do their best to fulfill their task and wished the Cambodian leader the best of health and success in his noble mission.

Communique Issued on Corruption Campaign 11 Oct

*BK1110102390 Phnom Penh Domestic Service
in Cambodian 0430 GMT 11 Oct 90*

["Communique of the Party and Government on Opposing Corruption and Increasing the Spirit of Practising Thrift in Society"—read by announcer]

[Text] After the party and government issued the 28 August 1990 communique on fighting corruption and raising the spirit of practicing thrift, all levels and sectors, our cadres, combatants, and people throughout the country have welcomed and widely supported it.

Various sectors and levels have provided timely responses to the party-government appeal. A number of cadres, workers, employees, and people have sincerely taken part in the campaign by revealing and reporting concrete evidence on corrupt people to competent authorities and contributed to the success of this campaign with some concrete results in its preliminary phase. This has created a new atmosphere and comforted people throughout the country who have requested the party and government to further promote this campaign for lasting results. The party and government would like to express sincere admiration for this precious contribution which reflects the lofty spirit of responsibility toward the nation's destiny, patriotism, and resolute will to defend the new regime and the clean tradition of our nation.

However, along with this, the party and government have noticed that some establishments, provinces, and municipalities still hesitate, drag their feet, and have not made efforts to speedily implement the principle in unison. Once again, the party and government would like to remind all levels and sectors of the need to continue the anti-corruption campaign and heighten the thrift- practicing spirit most correctly. The party and government request compatriots to more actively assist in this campaign by continuing to report and provide well-founded and precise information about inappropriate activities of cadres at all levels and in all sectors so the party and government can examine and solve these cases correctly and justly.

In every aspect of the contribution to the campaign, national interest should be put above everything else. Personal issues and petty individual conflicts should be avoided so as not to reduce the influence of the campaign and not to allow opportunities for bad elements and the enemies to split internal unity, make up stories, or cause suspicion against or slander innocent persons. Therefore, disclosing or reporting verbally or in writing should be under legal responsibility; anonymity should be avoided.

The party and government pledge to maintain confidentiality, protect compatriots who dare to struggle and expose the truth, and take stringent measures against various acts of vengeance. Appropriate rewards will be given to levels, sectors, cadres, workers, employees, combatants, and people who have scored good results in this campaign.

The party and government firmly believe in the responsible spirit of all levels, sectors, and compatriots throughout the country who will respond to this communique with concrete activities to contribute to promoting the campaign to clean up negative and corrupt activities and heighten the thrift-practicing spirit in society to achieve lasting efficiency.

[Dated] Phnom Penh, 11 October 1990

Chea Sim Inaugurates Mosque in Kandal Province

BK0910040290 Phnom Penh Domestic Service in Cambodian 1300 GMT 8 Oct 90

[Text] A ceremony was held at Prey Tatei village, Samakki Ward, Kandal Provincial seat, to inaugurate an Islamic mosque.

Present in the presidium of the ceremony were: Comrade Chea Sim, member of the party Central Committee Political Bureau and chairman of the National Assembly and of the National Council of the Kampuchean United Front for National Construction and Defense [KUFNCD]; Comrade Mat Ly, member of the party Central Committee Political Bureau and vice chairman of the Central Control Commission; Comrade Lim Thi, alternate member of the party Central Committee and secretary of the Kandal Provincial Party Committee; representatives [words indistinct]; and 5,000 Muslims from various villages and communes in Kandal Province.

Addressing the ceremony, Comrade Chea Sim emphasized the comprehensive social development over the past nearly 12 years. He also referred to the favorable conditions provided by party and state in support of all religious beliefs, either Buddhist or Islamic, and stressed that in the current phase, the party and government are striving to further develop society on a national level and to seek peace for our people through a political solution to the Cambodian problem.

The comrade exhorted and called on all fraternal Islamic people to continue enhancing national solidarity and unity in contribution to the cause of defending and building a prosperous motherland, including the Islamic religion.

Ranariddh on Prospect of Political Solution

BK1110113790 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 11 Oct 90

["Special message" of Prince Norodom Ranariddh, supreme commander and commander in chief of the National Army of Independent Cambodia—recorded]

[Summary] I would like to report to officers and men of the National Army of Independent Cambodia [NAIC] on the evolution of political negotiations to solve the Cambodian problem which resulted from the Vietnamese communist regime's attempt to annex Cambodia and exterminate our Cambodian race.

In a politial solution to the Cambodian problem, we should always remember the three most important documents: the framework document for solving the Cambodian problem by the five permanent members of the UN Security Council [UNSC] dated 28 August; the 10 September 1990 Jakarta joint statement; and the UNSC's 668/90 resolution dated 20 September 1990. According to these documents, once the Supreme National Council [SNC] is set up, the regime of Democratic Kampuchea and "the puppet regime propped up by Vietnamese tanks will be automatically dissolved." The SNC is Cambodia's sole, legitimate source of power. The issue of the SNC chairmanship is clearly spelled out in the document by the UNSC's five permanent members.

At the first SNC meeting in Bangkok in September, we proposed the election of Samdech Norodom Sihanouk as SNC chairman in accordance with the Jakarta joint statement and the UNSC document. However, the Hun Sen side "violated the Jakarta agreement by imposing conditions on the election of Samdech Norodom Sihanouk as chairman and Hun Sen as vice chairman. This is sheer fabrication, because this was not stated in the Jakarta agreement and the five major powers' framework document." Despite our resistance's concession of allowing the Hun Sen side to have an extra member in the SNC to maintain the principle of equality with seven members on each side, Hun Sen tried to cheat the public through the newspaper by saying the SNC should discuss the cease-fire and the end of military aid. "We did not object to the discussion of these topics." However, we maintained these issues should be discussed by a full SNC with a proper chairman. "How can there be a cease-fire and an end to military aid if there is no proper control by UN peacekeeping forces in Cambodia?" In this case, "who can trust Vietnam's sincerity, and who can affirm military aid from Vietnam has really stopped?"

The Hun Sen side also tried by all means and tricks to get the SNC's 12 members to send a delegation to attend the 45th General Assembly session in New York. "The first meeting in Bangkok failed to bring the expected good results because of Hun Sen's lack of sincerity and goodwill." Hun Sen and his group only want to preserve their power; to do so Hun Sen needs world recognition. "This is why Hun Sen really wants to attend the 45th session with only the SNC's 12 members without Samdech Norodom Sihanouk." Evidence of Hun Sen's being under Vietnam's influence has been clearly reported in the Thai newspaper, the BANGKOK POST, on 30 September in an article written by a REUTER correspondent.

Vietnam is afraid of Samdech Norodom Sihanouk's election as chairman of the SNC, because the Vietnamese know very well our leader and his ability and resoluteness to preserve Cambodia's independence and territorial integrity. "Hanoi knows very well it will no longer have any chance of interfering or ordering Cambodians around as long as Cambodia is under Samdech Norodom Sihanouk's leadership. This is why the Hanoi Vietnamese have tried to split Cambodians and lead some of them astray, such as Hun Sen and his power-hungry accomplices."

"Furthermore, we cannot allow the Hun Sen regime, within the framework of the Bangkok meeting, to alter the two major documents, namely the document of the five major powers and the Jakarta joint statement," because this would set a precedent for further alterations. As long as Hun Sen is still under Vietnam's influence, as evidenced by the statement of a Foreign Ministry official in Phnom Penh, according to which every document sent abroad should be done via the Vietnamese Foreign Ministry, and "as long as the solution to the Cambodian problem is not guaranteed by the major powers and the international community, the Hanoi Vietnamese will use Hun Sen as vice-chairman of the SNC to implement Vietnam's colonialist policy and eliminate our race and nation."

In this final phase, the duty of all Cambodian nationalists is to cooperate and carry out the following measures:

"Strive to explain local and foreign friends, who have not yet realized the great danger, so that they clearly understand it and support the just position of the Cambodian resistance forces."

In other words, we should maintain unaltered the two major documents, the 28 August document of the five major powers and the 10 September Jakarta document agreed upon by the four Cambodian parties.

I would like to appeal to NAIC officers and men and make the following observations: The failure in Bangkok was only temporary. The Hun Sen regime is not sincere; it wants to maintain the communist regime propped up by Vietnamese tanks. Recently, Chea Sim clearly told the outgoing Polish ambasssor in Phnom Penh that "he has to maintain unchanged the civilian and military aspects of the Phnom Penh regime" until elections in Cambodia. "This kind of statement completely and categorically opposes the document by the five major powers as well as the joint statement of the four Cambodian parties in Jakarta."

"Hun Sen clearly realizes the danger to his regime if he allows our tripartite Cambodian resistance forces to have the possibility of continuing our national liberation struggle; sooner or later, on the battlefield, his regime would be restricted to only cities, such as Siem Reap, Kompong Thom, Kompong Cham, Kompong Speu, Phnom Penh, Battambang, and so on."

Finally, I solemnly appeal to beloved officers and men "to do whatever we can to force the Phnom Penh regime to abide by the two historic documents." "We absolutely should not accept the shameful bargaining the other side is doing on the issue of the SNC chairmanship." In this current circumstance, "we should intensify military and political activities in all our operational zones to show the Hun Sen regime that we certainly cannot accept this regime." "We should do whatever we can to show our influence on the battlefield" and show the Hun Sen regime that "as long as this regime does not accept our samdech euv, Samdech Norodom Sihanouk, as chairman of the SNC, we will continue and intensify the struggle to achieve our sacred goal of fully liberating our beloved nation and motherland."

"Long live independent Cambodia!"
"Long live the NAIC!"
"Long live revered samdech euv!"
[Dated] 7 October 1990

Resistance Issues Statement on Search for Peace

BK1110020490 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 10 Oct 90

["Statement of the Tripartite Cambodian Resistance Forces"]

[Text] 1. For the past nearly 12 years, the Cambodian nation and people have been victims and have suffered because of Vietnam's war of aggression. During these years, the ASEAN countries and the UN General Assembly have made efforts to solve the Cambodian problem politically and comprehensively to end Vietnam's war of aggression and occupation in Cambodia. People throughout the world know Vietnam has carried out all kinds of activities to oppose the ASEAN countries' efforts and has rejected successive UN General Assembly resolutions.

2. The international community also realized that at the meeting in Banhgkok from 17 to 19 September 1990 and at the UN General Assembly session, the Hun Sen and Vietnam party imposed successive conditions aimed at destroying the basic documents of the five permanent members of the UN Security Council, the Jakarta joint statement dated 10 September 1990, and the UN Security Council's resolution 668/90.

3. Furthermore, Hun Sen himself has accused, slandered, and even blamed Samdech Norodom Sihanouk for blocking the peace process in Cambodia. This is too gross an accusation. It reflects the very devious nature of Hun Sen and Vietnam.

4. The tripartite Cambodian resistance forces would like to stress again that the Cambodian national resistance forces fully and wholeheartedly support the election of Samdech Norodom Sihanouk as chairman of the Supreme National Council [SNC]. The basic document of the five permanent members of the UN Security Council, as well as the 28 September 1990 statement of the foreign ministers of the five permanent members, the 10 September 1990 Jakarta joint statement, and the UN Security Council's Resolution 668/90, all point clearly to the election of Samdech Norodom Sihanouk as chairman of the SNC.

5. The tripartite Cambodian resistance forces appeal to all parties involved in the Cambodian problem to implement immediately, sincerely, and genuinely the document of the five permanent members of the UN Security Council, the 10 September 1990 Jakarta joint statement, and the UN Security Council's Resolution 668/90.

6. The tripartite Cambodian resistance forces appeal for the urgent meeting of the SNC's 12 members to most quickly elect the chairman of the SNC. If all Cambodian parties agree, and with the agreement of the royal Thai Government, this meeting can be held in Bangkok; if possible, the presence of the cochairmen of the Paris International Conference on Cambodia should also be welcomed. The tripartite Cambodian resistance forces would like to stress the election of the SNC chairman should not be linked to other issues and should not be used as a bargaining chip. If one party has the right to alter documents, then other parties also have the right to do the same. If this happens, all documents will be modified and negotiations will start all over again. Thus Vietnam's war of aggression and occupation in Cambodia will continue and cannot be ended.

The tripartite Cambodian resistance forces have already stressed their position on this issue in the memorandum dated 27 September 1990.

[Dated] 10 October 1990
[Signed] Son Sann
Khieu Samphan
Prince Norodom Ranariddh

VOK Interviews Son Sann on Peace Process

BK1010155090 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 10 Oct 90

[Station correspondent's interview with Son Sann, president of the Khmer People's National Liberation Front, prime minister of the National Government of Cambodia, and member of the Supreme National Council; dated 6 October—recorded]

[Summary] [Correspondent] Three weeks after the first meeting of the 12 members of the Supreme National Council [SNC], the process of seeking peace for Cambodia appears dormant because no desirable outcome expected by the Cambodian people has emerged. Will your excellency please clarify the next step of the peace process in Cambodia for our listeners?

[Son Sann] First of all, I would like to recall the meeting held in Jakarta that has achieved three things:

1. The setting up of the SNC;
2. The acceptance by the four Cambodian parties of the 28 August document of the five members of the UN Security Council [UNSC] as a groundwork for a comprehensive settlement of the Cambodian problem; and
3. The agreement by SNC members to nominate a chairman who will be the 13th member of the supreme council.

In the framework document, the five members of the UNSC have indicated that should Samdech Norodom Sihanouk be elected chairman by the 12 SNC members, the Big Five would welcome this decision. However, at the meeting in Bangkok on 17-18 September, the four Cambodian parties did not reach any agreement on electing Samdech Norodom Sihanouk as the chairman and the 13th member of the SNC as previously agreed upon in Jakarta. "I feel very sorry about this because if the SNC had had a chairman, it would have been able to appoint a delegation to occupy our seat in the United Nations. With a chairman, the SNC would have represented Cambodia's unity and independence. We would have been able to invite the United Nations to help the four Cambodian parties administrate Cambodia pending the organization of general elections and to verify the complete withdrawal of Vietnamese forces and illegal Vietnamese immigrants." The United Nations could also help disarm the armed forces of the four Cambodian parties. A U.N. peacekeeping force could come and safeguard peace in Cambodia "as well as prevent the Khmer Rouge from seizing power by force."

Since the breakdown of the Bangkok meeting, war has been going on Cambodia, and Cambodians continue to be wounded, lamed, and killed everyday. This is because the four Cambodian parties cannot arrive at a compromise on ending the war in the country.

On 4 October I wrote to the Thai Foreign Ministry about my letter dated 20 September in which I asked the ministry to arrange another SNC meeting as soon as possible, in hopes the four Cambodian parties would understand and implement the agreement reached in Jakarta. Moreover, on 20 September, the entire UNSC adopted a resolution calling on all SNC members to elect their chairman. On 4 October I then asked the Thai Foreign Ministry to help organize another session for the four Cambodian parties to elect the SNC chairman. If we have a chairman, we can go to the United Nations and discuss everything. "Therefore, I would like to appeal to the leaders of the four Cambodian parties to pity the Cambodian people who have endured 20 years of suffering." "I beg the leaders of the four Cambodian parties to understand each other and to compromise because we are all Cambodians. We should listen to no one except the Cambodian people. We should be ready to sacrifice by reconciling with one another and to fully respect the five-chapter document hammered out by the five major powers to encourage the latter to find a way out for us. We should assist the Big Five at all costs."

The 15 members of the UNSC have fully endorsed the document of the five UNSC permanent members. We should implement the document in its entirety so peace can be restored in Cambodia. I call on the four parties to respect the Jakarta joint statement and not to add any more conditions that could cause the Big Five to be fed up with us. "We should be careful. If the five major powers, the United Nations, and the six ASEAN states stop helping us, the people's suffering will go on endlessly. I call on the leaders of the four parties to thoroughly reconsider and properly judge for theselves. It is a very grave fault if we listen to foreigners and prevent the Big Five from restoring peace to our Cambodia." All of you already know who the stumbling block is, sabotaging the achievement of the peace plan mapped out by the five permanent members of the UNSC.

I wish to conclude here. Thank you for your attention.

SRV, Phnom Penh 'Cannot Avoid' Documents

BK1110042890 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 10 Oct 90

[Station commentary: "No Matter How Hard They Try, Vietnam and Phnom Penh Cannot Avoid the Document of the Five Permanent Members, the UN Security Resolution, and the Jakarta Statement"]

[Text] It has been a month since the Jakarta meeting. The Phnom Penh side has carried out maneuvers imposing certain conditions to prevent Samdech Norodom Sihanouk from being chairman of the Supreme National Council [SNC]. In fact, this issue of Samdech Norodom Sihanouk becoming chairman of the SNC should not be a problem at all because the document of the five permanent members of the UN Security Council [UNSC] and the Jakarta document are all clear on this issue.

The Cambodian nation and people inside and outside the country and public opinion also demand that Samdech Norodom Sihanouk be chairman for the SNC to cooperate with the United Nations to implement an agreement on solving the Cambodian problem politically and comprehensively in accordance with the document of the five permanent members of the UNSC. However, the Hanoi Vietnamese and Phnom Penh have ignored the document, the agreement, the Cambodian people's view, and world opinion.

Along with these maneuvers and disruptive activities, the Vietnamese aggressors and Phnom Penh have busily carried out activities on the battlefield of aggression in Cambodia. Vietnam and Phnom Penh have intensified recruitment efforts in rural areas and cities. Both young and old people are indiscriminately drafted. Furthermore, Vietnam has successively brought from Vietnam fresh troops and war materiel to battlefields inside and along the western border in Cambodia. On the Battambang-Route 10 battlefield in particular, Vietnam has gathered its fresh, on-the-spot, and reinforcement troops to launch repeated attacks for over a month already. These activities are being carried out to retake Pailin from the resistance forces.

However, no matter how hard Vietnam and Phnom Penh are trying, they cannot avoid the document of the five permanent members, the UNSC resolution, and the Jakarta document. Neither the Cambodian people nor the world will let them do so. The SNC with Samdech Norodom Sihanouk as chairman will certainly be established. UN peacekeeping forces will certainly come to ensure that Vietnam withdraws all aggressor forces from Cambodia.

Compatriot Cambodian soldiers and civil servants: Do you realize this situation? How much longer will you let Vietnam force you to serve its war of aggression? Please call your children and relatives back home.

SRV Reportedly Orders Further Draft Efforts

BK1110053190 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 10 Oct 90

[Text] Vietnam's command posts, called Vietnamese consular offices, in a number of major provinces in Cambodia, such as Kompong Cham, Kompong Thom, Siem Reap, Battambang, Pursat, Kompong Chhnang, and Kompong Speu Provinces, have ordered the troops of the Vietnamese aggressors and Phnom Penh to intensify the conscription of our Cambodian people's relatives to further launch more vigorous military offensives.

According to reports, Vietnam's command posts, called consular offices, have ordered the Vietnamese aggressor troops and Phnom Penh to draft 600 to 700 youths from each district. However, to this day, the Vietnamese aggressor troops and Phnom Penh have not been able to comply with the orders of the Vietnamese aggressor ringleaders in Vietnam's consular offices because of the intensified movement of the Cambodian people to oppose the draft by the Vietnamese aggressors and Phnom Penh.

The Vietnamese aggressor troops and Cambodian soldiers, who have been sent to fight on the battlefields, have deserted and refused to fight and die on behalf of Vietnam and Phnom Penh. They clearly realize the United Nations is pressuring Vietnam and Phnom Penh to accept the Supreme National Council [SNC] with Samdech Norodom Sihanouk as chairman so this SNC can concretely carry out its work and move toward the Paris conference to solve and end Vietnam's war of aggression in Cambodia politically and comprehensively.

VONADK on SRV, Phnom Penh Troops Movement

BK0710103190 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 6 Oct 90

[Unattributed commentary: "What Are the Purposes of the Vietnamese Aggressors and Phnom Penh in Bringing A Lot of Vietnamese and Heng Samrin Troops and A Lot of War Materiel to Battambang Province?"]

[Text] From 10 to 21 September, the Hanoi Vietnamese aggressors and Phnom Penh dispatched 700 Vietnamese troops and 1,200 Heng Samrin soldiers, including those newly drafted, to Vietnam's 330th, 309th, and 4th Division, the 196th Division of mixed Vietnamese and Heng Samrin troops, the [Phnom Penh's] 76th independent regiment, and Vietnam's 78th independent regiment. Some of these troops are deployed in Battambang provincial town and along Route 10 and the remaining troops in villages and communes between Svay Don Kev and Moung District [Battambang Province].

Along with this, the Vietnamese aggressors and Phnom Penh have also brought heavy and light artillery pieces and tonnes of ammunition and war materiel by trucks and by trains across Pursat Province. To this day, these forces of the Vietnamese aggressors and Phnom Penh have been fighting our Cambodian national resistance forces on the Battambang battlefield.

What are the purposes of these activities by the Vietnamese aggressors and Phnom Penh? The Cambodian people, like the international community, are well aware of the tricky maneuvers of the Vietnamese aggressors and Phnom Penh. They say:

1. The Vietnamese aggressors and Phnom Penh do not want to solve and end Vietnam's war of aggression in Cambodia politically and comprehensively.
2. The Vietnamese aggressors and Phnom Penh are destroying the agreement Hun Sen himself signed in Jakarta on 10 September and also the document of the United Nations.
3. The Vietnamese aggressors and Phnom Penh still stubbornly persist in maintaining the Phnom Penh party Vietnam has propped up to continue hiding Vietnamese aggressor forces in Cambodia and to continue occupying Cambodia.
4. The Vietnamese aggressors and Phnom Penh are opposing the Cambodian people and nation, the Vietnamese people, the international community, and the United Nations.

The Cambodian people pledge to cooperate with the United Nations and the international community to thwart the maneuvers of the Vietnamese aggressors and Phnom Penh, which are destroying the peace plan of the permanent members of the UN Security Council [UNSC], and to force the Vietnamese aggressors and Phnom Penh to concretely implement the basic document of the five permanent members, the Jakarta joint statement, and the 668/90 resolution of the UNSC.

Indonesia

PLO Ambassador Denounces Israeli Actions

BK1110100090 Jakarta ANTARA in English 0840 GMT 11 Oct 90

[Text] Jakarta, Oct. 11 (ANTARA)—Israel intends to destruct holy places of both Muslims and Christians located in the al-Aqsa compound in Jerusalem by all means, including by arming the Jewish fundamentalists eager to take over the places, according to the Palestinian ambassador to Indonesia, Rubhi Hallum.

We care for the holy places, the ambassador told the press here Thursday [11 October] explaining the situation in Israel-occupied territories after the killing of at least 21 Palestinian civilians by Israeli police on Jerusalem's Temple Mount on October 8, 1990. According to Hallum, the killing occured when Palestinians responded to a provocative act by Jewish fundamentalists in al-Aqsa, which is also a sacred place for the Jews. He said at least 29 Palestinians, including seven children were killed and 274 others wounded by Israeli soldiers in the incident.

A draft resolution has been prepared by UN's member countries to condemn the Israeli agression and to send an investigative mission. But the U.S. and Britain have threatened to veto the draft resolution unless it is softened, he added. They want a soft resolution when they come to Palestinians' blood, but when they come to oil—their interest—they are ready to make a bloodshed, the ambassador said.

He said it was not the first time that Israel attempted to destruct the holy places. Few years ago, Israel dug under ground near the al-Aqsa mosque saying that they were doing an archeological research. But, when it came to a dangerous point, the works had to be stopped under a resolution of the UN, he added. Hallum or Abu Firas believed that there is at present no more superpowers in the world except the United States. Therefore, the U.S. is now able to pull and lead the other members of the UNSC [United Nations Security Council] to follow its will, particularly in matters related to Palestine, he added. The others are now following the U.S., except some West European states like France, which take different views. We appreciate the French Government, he said hoping that the situation would change in the future.

He felt sorry for the Soviet Union, which, according to him, now put a priority on its own interest only and no longer on the Third World's interests.

The ambassador also believed that the killing of the Palestinians by Israel was linked to the Gulf crisis. The presence of the U.S. troops in the Gulf has encouraged Israel to legalize its occupation of Palestinian territories and to speed up evacuation of Palestinians in order to contain the Jewish immigrants, he claimed. Over 700,000 Palestinians were killed since the Israeli occupation in 1948, including 2,200 who were killed since the 35-month old intifadah (uprising), according to the ambassador.

Muslim Leader Says Stance on Gulf 'Correct'

BK0910160890 Jakarta ANTARA in English 1006 GMT 9 Oct 90

[Text] Jakarta, Oct 9 (OANA-ANTARA)—Indonesia's stance on the Gulf crisis was correct, the chairman of the Nahdatul Ulema (NU) Muslims Organization, Khalid Mawardi, said here Tuesday. Mawardi believes that Indonesia has taken the right decisions of condemning the Iraqi invasion of Kuwait, but not being hostile to the Iraqi nation.

I think the Indonesian Muslims see the situation in the Gulf in proportional way, in accordance with the Indonesian Government's stance which cannot accept the Iraqi invasion and annexation of Kuwait, he said.

He added that Iraq has violated the U.N. charter as well as the Non-Aligned Movement's principles and the Bandung ten principles.

Indonesia's stance is correct although the country has to 'sacrifice', Mawardi, a former ambassador to Syria said.

In the recent Asian games in Beijing, Indonesia failed to get supports for hosting the Asian games 1998 from some Middle East countries. Most probably, Indonesia would also fail to gain enough supports for holding the chairmanship of the Olympic Council of Asia (OCA), which will have a meeting in Riyadh, Saudi Arabia next year.

Mawardi is of the opinion that at present, there might be a secret talks between Iraq and the United States as well as the Saudi Arabia going on in an effort to find a peaceful solution without losing one's face. He is also convinced that there would be a peaceful solution in the Gulf because no one wants to start a very disastrous war which its scale would be difficult to predict. Despite the U.S. military superiority, the United States and its allies including Saudi Arabia, would not be able to limit the war's scale and they also could be sure whether Iraq would give up within a week if a war breaks out, he said.

Khalid Mawardi explained that he did not know how the conflicting countries would solve the problem exactly. However, both Iraq and the United States did not want to start a war, he added.

The NU leader believes that Kuwait as an independent and sovereign country will regain its freedom. But who will rule the state, it is still a mystery, he added. Iraq, according to him, will withdraw from Kuwait, but Iraq would probably take some territories of Kuwait, such as the island of Babiyan, in order to guarantee its access to the sea, not only through the Shatt al-'Arab.

Mawardi said that the Gulf crisis must be solved as soon as possible. If the crisis prolongs, even Iraq will be threatened especially by Kuwaiti guerrillas. And it is possible that the guerrillas are not only the Kuwaiti people, but also those who are wearing the Kuwaiti jackets, he added.

Philippines

Third Part of Bases Talks Set for November

HK1110094890 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 11 Oct 90

[By Rey Arquiza]

[Text] The third part of the talks about the future of the military bases here will not be pursued this month, as was earlier agreed upon by both sides, but will be held in the first week of November. This was learned from a Department of Foreign Affairs source, and is allegedly due to a technical problem which can only be resolved next month. However, the source did not elaborate on the technical difficulty causing the delay of the bases talks-part three this month.

The team of experts, from both sides, that is tasked to study which parts of the bases would be used by both the United States and the Philippines, have not yet been formed, according to the source.

Aside from this, Washington is allegedly planning to delay the setting of a date for the talks when it learned that the Philippines was serious in seeking the phaseout of Clark Air Base, after the Military Bases Agreement on 16 September 1991, in order to have time to review their position.

The source also said that there is no assurance yet whether Singapore will agree to host some of the Clark facilities. This is the reason why they are not so aggressive in resuming the talks. The U.S. and Singapore are presently negotiating for a limited base agreement.

Foreign Affairs Secretary Raul Manglapus, who departed for New York to attend the 45th UN General Assembly, will arrive tomorrow after a three-week official trip to New York and Canada.

In this regard, U.S. bases panel spokesman Stanley Shraeger said, that although the two panels are still discussing the date on which to resume the bases negotiations, the U.S. wants to reach a new agreement with the Philippines at the earliest possible time.

Board Chairman Discusses Ban on Antibases Film

HK1010065390 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 10 October 90

[Text] The presidential committee on bases is the producer of an antibases television documentary that was allegedly banned by the Movie and Television Review and Classification Board [MTRCB]. According to MTRCB Chairman Manuel Morato, the TV documentary "Dear Sam, Sumasainyo, Juan" ["Dear Sam, Sincerely yours, Juan"] was proved to be unfit for television after it had been reviewed by the MTRCB committees. However, Morato explained that the documentary was not really banned by his office but was referred to the office of the president. Morato further explained that the TV documentary was set to be shown on television during the time when discussions between the Philippines-U.S. panel on the future of military bases in the country were taking place. The chairman of the MTRCB reasoned that the group had decided to cancel the airing of the TV documentary because he did not want it to influence the discussions on the future of the military bases.

Film Said Financed by Council

HK1110093490 Quezon City MALAYA in English 10 October 90 p 1, 7

[By Ellen Tordesillas]

[Text] It was a classic case of the left hand not knowing what the right hand was doing.

When Manuel L. Morato, chairman of the Movie and Television Review and Classification Board [MTRCB], elevated the case of the controversial TV documentary "Dear Sam, Sumasainyo Juan" to Executive Secretary Catalino Macaraig Jr., little did he know that Macaraig himself had a hand in the production of the film.

Nobody is admitting it, but reliable sources said the real financiers of the anti-bases documentary was the President's committee on bases, the super body that gives direction and approves the activities of the Philippine panel in the negotiations with the United States over the fate of the military bases after the current agreement expires in September 1991.

Macaraig is chairman of the committee and Health Secretary Alfredo Bengzon is vice chairman. Bengzon is also vice chairman of the Philippine panel.

Hundreds of artists are expected to march this morning on Malacanang to ask President Aquino to dissolve the MTRCB which has restrained the airing of the anti-bases documentary film. The Concerned Artist of the Philippines [CAP], organizer of the rally, said national artists Lucresia Kasilag, Nick Joaquin and Francisco Arcellana will join the protest action.

"Dear Sam" was produced by the Ateneo Center for Social Policy and Public Affairs and was submitted to the MTRCB for approval last Sept. 25. The documentary is supposed to be part of the government's propaganda campaign to strengthen its negotiating position by drumming up anti-American sentiments among the Filipinos.

Morato said the board's first review committee disapproved the showing of the film. So did the second review committee. Morato said they found the scene showing an American serviceman mashing the breasts and buttocks of a Filipina "obscene."

He also found "libelous" the portrayal of several Philippine historical figures, such as the late Trinidad Pardo de Tavera who supported the U.S. occupation of the Philippines at the turn of the century.

Morato stressed that the film was "not banned. But prudence dictated that it be elevated to a higher authority because of the ongoing bases negotiations," he said.

The question about the financiers surfaced when a priest from Ateneo denied to Morato ownership of the film.

Reliable sources at the board said Noel Tolentino, director of the Philippine Information Agency [PIA], and Bengzon called up Morato to lobby for the approval of the film. Tolentino last week resigned as press undersecretary but will continue to hold on to his PIA position until yearend.

Ateneo declined to reveal the financiers. Al Alegre, one of those involved in the production, said: "We don't think that's the issue here. We access funds from various sources. What is at issue is that we were censored. We think the people should be the ones to decide the validity of the project."

An official at the PIA said Ateneo used the agency's facilities for replicating the tapes.

Told of the persons behind the production of the film, Morato said if Macaraig approves it for TV showing, he will not object. He will just request that the "obscene" and the "libelous" portions be deleted.

Official: Japan Pledges $26 Million Aid Plan

HK0910042590 Manila BUSINESS WORLD in English 9 Oct 90 p 2

[By Jose G. Ebro]

[Text] Japan will be giving the Philippines a $26-million facility to help the country cope with the effects of the Gulf crisis, a high-ranking Foreign Affairs official said yesterday.

"NEDA (National Economic and Development Authority) and the Japanese Embassy are working out the details. Hopefully, we can conclude that before Ambassador (Tsuneo) Tanaka leaves," he said. Mr Tanaka will be leaving the end of this month to assume his new post in Mexico City.

The Philippine Aid Plan [PAP] and debt relief will predominate President Aquino's discussions with other world leaders when she visits Japan next month for Akihito's enthronement as Emperor, another senior DFA [Department of Foreign Affairs] official said. The ceremonies take place no November 11 and 12.

"Our problem is simple, we need cash," the official remarked.

Aside from Japanese Premier Toshiki Kaifu, Mrs Aquino will be seeking to speak with U.S. President George Bush, German Chancellor Helmut Kohl and French President Francois Mitterrand. The latter has been pushing for a comprehensive debt reduction program for the developing countries of the world.

"We will try to get the momentum of the PAP moving again," the senior official said. "If the U.S. wavers, we hope Japan will be able to pick up the slack."

Indicator

Apparently, the recent Noble adventure and its quick resolution have "raised Mrs Aquino's stock in Washington," another diplomat pointed out.

"Senators Alan Cranston and Richard Lugar are now more able to get their colleagues to focus on the needs of the Philippines, on the frailty of democracy here and the urgent need to fully support it." The most telling indicator will be whether Mr Bush accedes to meet with Mrs Aquino or not.

Friends of the Philippines in the U.S. Congress are working to get the U.S. Executive a "transfer authority" which will allow the augmentation of an approved MAI [Multilateral Aid Initiative] appropriation with funds from other sources. This would allow the U.S. to come as close to its $200-million commitment as possible," he said.

While the next pleding session for the PAP/MAI is contingent on making the argument that "mitigating circumstances have prevented us from reaching the targets as promised," a Finance official said. [sentence as published]

The country in recent months has been wracked by military uprisings, natural disasters and affected severely by geopolitical conflicts. "Just take the oil price increases," the Finance official said, "this means ballooning of our trade deficits and is severely affecting our foreign exchange reserves. It will be no wonder that our performance will be off-line in relation to the targets."

Silver Lining

The silver lining in the cloud is that these problems have spurred Congressional sentiment for the suspension of the country's debt payments leading to the dropping of the Philippines' debt paper. "It may be easier to buy back more of our debt now," the official said. "But, our creditors and the donor countries will have to help." They are usually one and the same, he said.

During the last pledging session, Japan committed a separate facility for the country's debt reduction program.

Diplomatic sources disclosed that as a "SIC" (severely impacted country), the Philippines had asked Japan for inclusion in the facility it was making available to 'frontline states' in the Persian Gulf." The Japanese responded with the aforementioned $26 million facility. Japan will be giving Jordan, Turkey and Egypt a $2-billion aid package.

Delays Annual Soft Loan Grant

HK1110052390 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 11 Oct 90

[Text] Japan has delayed the granting of its annual soft loan package to the Philippines which will help reduce the country's foreign exchange shortage. According to government officials, Tokyo's decision is part of the action by the Philippines' major international creditors to pressure President Aquino for their proposed economic policy measures. These conditions are the same as those which the IMF and the World Bank would like to implement in the Philippines, which are contained in the multilateral assistance initiative aimed at reviving the Philippines' economy. In this connection, the 17th yen loan from Japan's Overseas Economic Cooperation Fund has been delayed. Japan is the greatest source of aid funds for the Philippines. According to Japanese Embassy First Secretary Takeshi Yagi, Japan's commitment will be suspended until the key donors of the Philippine Assistance Program hold a meeting.

Taiwanese Minister Rebuffs Aid Mission Proposal

HK0910031990 Quezon City MALAYA in English 4 Oct 90 pp 1, 7

[By Ellen Tordesillas]

[Text] Central Bank Gov. Jose Cuisia, Finance Secretary Jesus Estanislao and Philippine National Bank chairman Edgardo Espiritu secretly visited Taipei three weeks ago to convince the Taiwan government to participate in the Philippine Aid Plan [PAP] and invest in earthquake bonds, a Malacanang official said yesterday.

But they were rebuffed by the Taiwanese finance minister and the Central Bank governor who demanded that the Philippines first pass the Philippine-Taiwan Beneficial Act pending in Congress and drop the Corportion Bill drafted by the Department of Foreign Affairs [DFA], the source said.

The source said President Aquino had knowledge of the trip, even if it was in violation of the country's one-China policy prohibiting government officials from visiting Taiwan and dealing officially with Taiwanese officials.

There was no immediate reaction from the embassy of the People's Republic of China [PROC] which had expressed displeasure over previous visits to Taiwan of Philippine officials, including Vice President Salvador H. Laurel, Trade Secretary Jose Concepcion and Foreign Secretary Raul Manglapus.

Asked to participate in PAP, also called the Multi-lateral Aid Initiative [MAI], and invest in earthquake bonds, the Taiwanese officials reportedly told Estanislao's group: "We're ready to come in. Just give us some guarantee."

The source said the Taiwanese specifically sought the passage of the Philippine-Taiwan Beneficial Act which protects investments from Taiwan with which the Philippines has no diplomatic relations. The DFA has opposed the bill, saying it would violate the country's one-China policy which considers Taiwan only as a province of PROC.

It instead proposed the Corporation Bill which provides guarantees to investments by private companies from countries with which the Philippines has diplomatic relations, without mentioning any country. "They don't consider that strong enough to guarantee protection. What they want is to have the name of Taiwan mentioned in the legislation," the source said.

A foreign affairs official said the Taiwanese also insisted that the Department of Labor and Employment deal with their government instead of private employers on the hiring of Filipinos displaced from Kuwait and Iraq due to the Gulf crisis.

The source said Taiwan offered to match U.S. and Japan's contribution to the PAP if the conditions are met. The U.S. has committed $200 million to the PAP.

The government started floating on July 30 earthquake rehabilitation bonds with the goal of raising P10 billion to finance reconstruction efforts in Northern Luzon, hardest hit by the July 16 temblors.

Ambassador Elliot Richardson, U.S. President George Bush's special representative to the MAI, urged the Aquino government to implement economic reforms to attract the $3 billion to $5 billion of foreign investment it needs every year. "Without it (economic reforms), the goals of the MAI cannot be achieved," he said in a statement released by the U.S. embassy.

Richardson arrived yesterday day and is scheduled to address today the Philippine Chamber of Commerce and Industry. He said less than 10 percent of the $10-billion foreign capital that had flowed into Southeast Asia went to the Philippines.

Richardson proposed that the Philippine government not only build infrastructure needed by investors but also pursue policies that attract investments.

Total of 395 Noble Suppporters Surrender

HK1110045590 Manila THE MANILA CHRONICLE in English 11 Oct 90 p 7

[By Joey Caburnida]

[Text] Six Days after the short-lived pocket rebellions in Northern Mindanao, a total of 395 supporters of renegade Lt. Col. [Lieutenant Colonel] Alexander Noble had surrendered or had been arrested, according to reports reaching Camp Aguinaldo.

The armed forces spokesman, Col. Juanito Rimando, said that of the 395 Noble supporters, seven are military officers, 223 are enlisted men, and the rest are members of the Civilian Armed Forces Geographical Unit [CAFGU]. Most of them gave themselves up or were arrested in Cagayan de Oro City, where Noble and his followers holed out before finally surrendering to the government.

Rimando said the military was expecting more arrests and surrenders through its random house-to-house searches in the cities of Cagayan de Oro, Butuan and Iligan, and Bukidnon province. Most of the rebel soldiers fled to these areas after learning of Noble's surrender.

Government forces are also looking for several loose firearms stolen from the armory of Butuan's 402nd Infantry Brigade which was briefly taken over by Noble's group.

Yesterday, constabulary intelligence agents in La Union confiscated a cache of firearms at the house of Enrique Aspiras Arangarin, a suspected supporter of rebel soldiers, in Fangonil St., Barangay Sta. Barbara, Agoo.

Arangarin, a building contractor, was taken to the 146th PC [Philippine Constabulary] Company for questioning. He is facing charges of illegal possession of firearms.

The cache yielded an Ingram machine pistol, two .45 cal. pistols, three .357 magnum revolers, three .38 cal. revolvers, 480 rounds of ammunition and 100 pieces of blank identification cards of the Capital Regional Command (Capcom).

In Davao City, policemen yesterday invited city councilor Renato Bangoy for questioning. The councilor reportedly met with Noble a few days before the pocket rebellion. Bangoy denied having any links with the mutineers.

Military Reacts to Amnesty Statement

HK1110045390 Manila BUSINESS WORLD in English 11 Oct 90 p 10

[By Allan M. Refuerzo]

[Text] Highly-placed sources in Camp Aguinaldo yesterday expressed contrary views in reaction to the recent recommendation made by retired Gen. [General] Mariano Adalem, presidential adviser on military affairs, for the granting of amnesty to several junior officers and enlisted men who were implicated in the recent series of failed coup attempts.

Gen. Adalem, former Philippine Army chief, was reported to have proposed to President Aquino the other day that these members of the Armed Forces be given Presidential amnesty after subsequent proof has been established that they were merely deceived by their superiors into joining the said coup attempts.

Mrs. Aquino's military adviser gave this suggestion due to his personal knowledge that during the failed August 1987 coup attempt, there were indeed some officers who were made to believe that the planned coup was all part of a military operation "dry run."

Promotion

The recommendation further provided that these officers and men be reinstated back into the service to a rank equal to what they previously held but would be given least priority for promotion.

A high-ranking official inside the camp welcomed this move by saying that it would, in effect, give another chance for the young officers and members of the AFP [Armed Forces of the Philippines] to rectify their past mistakes. He explained that junior officers would include those who belonged to the "company grade," having a rank equivalent to that of captain or lower.

Peace Process

Moreover, the source reiterated the presidential adviser's belief that the move is in line with the Government's program of reconciliation with rebel elements and as such, would hasten the so-called peace process.

Further Division

On the contrary, another high-ranking AFP source who requested anonymity felt that this recommendation by former Gen. Adalem would result in further division within the already factionalized military establishment, if and when it is effected by the President in her capacity and prerogative as Commander- in-chief of the Armed Forces.

If amnesty is, at all, to be granted, let it be done in favor of all those who had participated in the past coup attempts, according to the military official. "If it has to be given, give amnesty to all who were involved...or none at merely recommendatory, the source admitted, this would amount to having double standards within the armed forces.

De Villa Reacts to Passage of Anticoup Bill

HK1110052990 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 11 Oct 90

[Text] Armed Forces of the Philippines chief Renato de Villa says the military is open to accepting surrendering rebel soldiers. But he added that they should prove their sincerity if they wish to dialogue with the government. He gave this reaction to the anticoup bill ratified by Congress. Meanwhile, National Security Adviser Rafael Ileto supported the said law. Ileto said that through this bill, rebel soldiers will have the chance to return to the fold of the law and pledge loyalty to the Constitution.

Aquino Opposes Proposed Legislated Wage Hike

HK0910100190 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 9 Oct 90

[Text] President Corazon Aquino is opposing a proposal for Congress to approve a 1,000-peso wage increase for more than one-million government employees. The president explained that the proposal will only cause more problems not only for government employees but to the whole nation in general. She also warned that the legislated wage increase will increase the finance gap and budget deficit aside from possible hyperinflation. However, the president assured that the government is studying the scope and kind of benefits the government could grant its employees. She called on the people to cooperate amidst the country's crisis and bear in mind things that are beneficial to all.

Government To Study Davide Proposals

HK0910044790 Manila THE MANILA CHRONICLE in English 9 Oct 90 p 7

[By Marie Rose Feliciano]

[Text] President Aquino said yesterday that the government would study all the recommendations by the five-member Davide Commission, including making an unequivocal statement regarding her plans for 1992. "We are all studying all of these recommendations and I think it best to adopt an integrated approach insofar as implementation of these recommendations is concerned," Mrs Aquino said.

The President said even the commission believed that its recommendations should not be taken separately. The recommendations were based on a reinvestigation of the "God Save the Queen" plot in November 1986; accountability of the Manila Hotel participants; the President's plans for 1992; the new chief of staff; corrupt officers in the military and others.

"We will be studying these recommendations and we will be addressing these but as I said it is best not to treat them simply or apart from each other," Aquino said.

The President earlier issued statements that she would like people to speculate on her plans for 1992 by neither confirming nor denying reports that she would run for reelection. "Let them speculate," she said.

Enrile To File Libel Case Against Tomas Gomez

HK0910064990 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 9 Oct 90

[Text] Senate minority leader Juan Ponce Enrile will file a libel case against Press Secretary Tomas Buddy Gomez III for accusing him of being the mastermind of the God-Save-the-Queen 1986 coup plot. Enrile said Gomez' accusations are baseless and he wants only to ruin his name and reputation as well as his family's. Besides, it is also a way of preventing the people who oppose the current leadership's mismanagement. According to Enrile, the clarification made by Chairman Hilario Davide would help to recover his honor as a senator.

Aquino Signs Peace Accord With Party Leaders

HK1110043190 Manila MANILA BULLETIN in English 11 October 90 p 1, 12

[By Marcia C. Rodriguez]

[Text] President, Aquino hailed yesterday a covenant she signed with heads of all major political parties in the country, urging peace, nonviolence, and democracy for the people.

The Covenant for Non-Violence and Democracy was prepared by heads of political parties particularly Senate President Jovito Salonga of the Liberal Party, former President Diosdado Macapagal, and Constitutional Commission President Cecilia Munoz Palma.

"I fully commend and welcome this document which abjures the use of force and violence to effect change, thereby recognizing the fundamental principle that underlies our polity, namely, that the lawful use of force belongs to our democratic government alone in the authentic exercise of the duty to preserve and defend the Constitution," she said.

Mrs Aquino also urged the people anew to support peace and democracy.

The political parties which signed the covenant are the Laban ng Demokratikong Pilipino [Struggle of Philippine Democracts] Liberal Party, Partido Demokratikong Pilipino-Laban [Philippine Democratic Party-Nation's strength] and the Nacionalista Party.

On the other hand, Malacanang noted the ill motives of persons behind the "Cory Resign" signature campaign. Press Secretary Tomas Gomez III said that President Aquino will not take the signature drive seriously even if a million signatures are taken. Presidential aspirants will have to wait for the next elections in 1992, he said.

Gomez also denied the claim of Vice President Salvador Laurel's office that the government hired 16 public relations firms to boost the government's image abroad. He said, however, that some firms were hired for "legitimate lobbies" to boost exports such as sugar and coconut.

In another development, Armed Forces chief of staff Gen. [General] Renato de Villa said yesterday he was keeping an "open mind" on the proposal to grant amnesty to young officers who were deceived into joining past coup attempts and uprisings by military rebel leaders.

De Villa, who attended a meeting of the Cabinet Cluster E in Malacanang noted, however, that President Aquino and Congress must jointly decide on a national policy to grant amnesty to young officers as one recommendation to deter future coup attempts.

A proposed amnesty program for young officers was made by the Davide Fact-Finding Commission and supported by retired Army Gen. Mariano Adalem, presidential adviser on military affairs.

House Speaker Mitra Opposes New Taxes

HK0910045790 Manila THE MANILA CHRONICLE in English 9 Oct 90 p 1

[By Rolando Pascual]

[Text] Speaker Ramon Mitra yesterday indicated the House would continue to resist suggestions to pass laws imposing additional taxes. Instead of new taxes, Mitra insisted, "We must make the tax structure simpler, easier to enforce and more equitable."

Mitra, however, was well aware of the problem of a huge budget deficit, which prompted him to assign three key House committees to discuss with the Executive branch other sources of government revenue to close the budget gap.

"I have asked the committees on appropriations, ways and means and economic affairs to get together with the Executive department on areas of expenditure where substantial cuts can be made on public spending—and where revenues can be increased without legislating additional taxes," Mitra said as he opened the congressional session.

The rejection of new taxes came amid the drawing up of an economic reform package by Malacanang as requested by the country's foreign creditors. The package would call for drastic cuts in government spending and additional "soak-the-rich" taxes.

Earlier, foreign creditors officially rejected appeals by the country's debt negotiators for condonation of the $1-billion annual debt interest payments on loans amounting to $13 million.

Mitra said the government should "increase its efficiency of its revenue collections."

On the other hand, Rep. Rolando Andaya (LDP [Struggle of Philippine Democrats], Camarines Sur), appropriations committee chairman, said the dialogue between Congress and Malacanang could be held on a "continuing basis." But he said Mitra's directive would be pursued even before the "budget summit" later this month, called to help iron out differences in the proposed P297.1-billion budget for 1991.

Mitra has outlined the basis of the House's budgetary reform targets, which he said would be "vigorously pursued."

First, the existence of a "bloated" two million-strong government bureaucracy, which Mitra noted, includes "a quarter of a million casuals and contractuals plus workers in the public corporations. Our civil service has grown even faster than our population by an average of 3.2% annually these past four years," he said.

Second, the budgetary allotment for debt payments, 70% of which goes to domestic debts, exceeds P300 billion. "The interest payment on this alone is sufficient to fund the education, defense and public works departments combined," Mitra said. "We must urgently find some way to reduce this crippling debt burden," he added.

Third, government's continued subsidy of government-owned or -controlled corporations (GOCCs). "The bottom line is that government cannot afford to subsidize endlessly these corporate white elephants," he said. "It is clear that we must remove the responsibility for selling them from managers who have a vested interest in hanging on to their perquisites," he said.

PIA Chief Quits Citing Policy Differences

HK0810032390 Manila THE MANILA CHRONICLE in English 8 Oct 90 p 1

[Text] Noel Tolentino, director-general of the Philippine Information Agency (PIA), to which he had been demoted from press undersecretary, resigned yesterday, citing "policy and operational differences" with President Aquino's administration. Tolentino had been for the separation of the PIA from the Office of the Press Secretary (OPS).

In a press statement announcing his resignation, Tolentino said "the OPS should serve the Presidency and its public perception, (but) ... there ought to be an institution such as PIA that will provide the people (with) accurate, relevant and timely information regarding government plans, projects and pronouncements."

There must be an institution in government, he went on, "where people can attain information without (the) political color of any party, without the political agenda of specific interest groups ... through this institution, they can voice out their response, suggestions and sentiments and get the assurance that these messages will get to the decision and policy makers without fear."

Tolentino had served as Press Undersecretary and concurrently as PIA chief during former press secretary Teodoro Benigno's tenure, but lost his higher position after Tomas Gomez III replaced Benigno.

Gomez brought in Horacio Paredes as undersecretary and later promoted to the same position an assistant secretary, Paul Alvarez, whom he had inherited from Adolf Azcuna, named interim press secretary upon Benigno's resignation and now the presidential spokesman. With Alvarez's promotion, Tolentino was demoted to bureau director, in charge of PIA.

Senator's Would-Be Assassin Said NPA Member

HK1010104990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 10 Oct 90

[By Vic Pambuan]

[Text] The National Bureau of Investigation [NBI] has identified the man who had a plan against the life of Senator Ernesto Herrera and who, as published in the newspapers, attempted to enter the senator's office. According to NBI special task force chief Attorney Victor Bisep, the man was a former bodyguard of Candelaria, Quezon mayor, and was identified as Samuel Rodriguez.

In the NBI investigation, it was learned that Samuel Rodriguez went to Senator Herrera's office to apply for a job. But due to his suspicious acts, the senator's security aides were forced to arrest him. It was learned from the NBI that Samuel Rodriguez was hiding a homemade bomb in his shirt and a 357 Magnum while waiting for the senator.

In the NBI interrogation of Samuel, it was learned that Samuel is a member of the New People's Army [NPA] liquidation squad in Quezon Province. In this regard, the NBI suspected that Samuel Rodriguez was ordered by the CPP [Communist Party of the Philippines]-NPA's highest court in Quezon to assassinate the senator.

It is recalled that last year, there was an attempt on the senator's life after he revealed the identities of the country's drug lords.

Samuel Rodriguez is now being detained at the NBI but his relation to Quezon Governor Eddie Rodriguez has not yet been established.

Detainee Ocampo Requested as NDF Negotiator

HK0510145990 Quezon City MALAYA in English 5 Oct 90 p 2

[By Nida Mendoza]

[Text] The National Democratic Front [NDF] will ask President Aquino to allow two political detainees to form part of the panel that will hold peace negotiations with the government.

Sources said the NDF would propose the inclusion of Satur Ocampo, detained NDF leader and another unidentified political prisoner at Camp Crame as members of the panel. They said the NDF would form a five-man panel with only one spokesman to debunk government suspicions that they were speaking in different voices.

"The NDF has already held a consultation meeting and has agreed on the panel spokesman," sources said.

They said the meeting between Rep. Jose V. Yap (LDP [Struggle of Philippine Democrats], Tarlac), House defense committee chairman, and Jose Ma. Sison, founding chairman of the Communist Party, in the Netherlands had been fruitful. They said Yap used to be a close friend of Sison.

"During the first meeting between Sison and Bernabe Buscayno in 1968, it was Yap who facilitated the meeting," they said.

Sources added that the NDF was willing to hold the peace talks abroad, for the security of the NDF representatives. They cited the peace talks in Zimbabwe and Nicaragua.

The arraignment of Ocampo and his wife Carolina Malay before Judge Maximiano Asuncion of the Quezon City regional trial court was indefinitely postponed due to the tight security being enforced inside military camps as a result of the tension in Mindanao.

Justice Secretary Rejects Peace Talks Abroad

HK1010133390 Manila Radio Veritas in Tagalog 1300 GMT 10 Oct 90

[Text] Justice Secretary Franklin Drilon is against the holding of peace talks between the government and the CPP-NPA-NDF [Communist Party of the Philippines-New People's Army-National Democratic Front] in a foreign country. Here is Rey Mariano with the details:

[Begin recording] According to Secretary Drilon, the talks must be held in the Philippines because this matter is an internal problem of the country. The secretary's statement was in opposition to the NDF proposal to hold the peace talks in a neutral country like Geneva.

At the same time, the secretary restated that the rebel soldiers are not included in the talks. He said, the peace talks will only include the communist insurgents and the NDF.

Drilon, the chairman of the government panel, will again talk with church and nongovernmental organizations representatives this week to decide on whether or not to continue the peace talks initiative. [end recording]

Army Encounters NPA Rebels in Nueva Ecija

HK0910100390 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 9 Oct 90

[By Andy Verde]

[Text] The Army's 7th Infantry Division has scored another victory in an encounter and combat operation in Mt. Dimalibong, Maria Aurora, and Bongabong, Nueva Ecija that resulted in the confiscation of equipment used for explosions, ammunition, subversive documents, and firearms.

According to Brigadier General Ernesto Calupig, the 7th Infantry Division commanding general in Ft. Magsaysay, Palayan City, a platoon from the 56th infantry battalion led by Staff Sergeant Godofredo Fronda confiscated landmines in Mt Dimalibong while they were on a combat operation. Fronda seized four kilos of [word indistinct]; an M-1 chain demolition block, a kind of explosive—one which is usually placed inside a bottle as big as a one gallon can of paint; and an omnidirectional base antenna for a radio transceiver. The confiscated explosives were believed to be part of the landmines recovered by the same group in its encounter with communist terrorists recently.

Meanwhile, a platoon led by 2d Lieutenant David Hermoso encountered about 20 heavily armed men believed to be members of the Communist Party of the Philippines-New People's Army [CPP-NPA] in Barangay Labi, Bongabong, Nueva Ecija which resulted in the killing of an NPA rebel and the recovery of an M-16 Armalite rifle, a .30 calibre carbine, 448 rounds of ammunition, subversive documents, and personal belongings. No one was reported hurt or killed on the government side in the 15-minute firefight.

Communist Leader Surrenders in Agusan Del Sur

HK1110020990 Manila Far East Broadcasting Company in Tagalog 0100 GMT 11 Oct 90

[Text] A communist rebel leader surrendered to the military yesterday in Agusan del Sur. He is Edgardo Melecio alias Commander Rambo. He is believed to be a Southern Mindanao regional party committee member. Melecio surrendered to Lieutenant Colonel Bartolome Baluyot, Philippine Constabulary-Integrated National Police commander in Agusan del Sur. He also turned in his nine- millimeter machine pistol with 88 bullets and three fragmentation grenades. Melecio, who is from Silco, La Paz, Agusan del Sur, admitted that he took part in the attacks on government installations and military detachments in Davao del Norte, Agusan del Sur, Surigao del Sur, and Davao Oriental.

Grave Sites of Suspected NPA Victims Uncovered

Graves in Masbate Unearthed

HK0910052390 Quezon City MALAYA in English 6 Oct 90 p 2

[By Manny Velasco]

[Text] The skeletal remains of nine men believed to be former Civilian Home Defense Forces [CHDF] men killed by suspected New People's Army [NPA] in 1988 were unearthed by Constabulary troops in Masbate yesterday.

Camp Crame also said two suspected NPA rebels were caught in Camarines Norte, and three surrendered to authorities in Albay.

Lt Col [Lieutenant Colonel] Antero Javier, Masbate PC-INP [Philippine Constabulary-Integrated National Police] commander, said the "mass grave" was discovered at sitio Bagolipao, Barangay San Carlos, Milagros town. Elements of the 266th PC Company, together with some Civilian Armed Forces Geographical Unit (CAFGU) volunteers, received a tip from civilian informers, went to the area, and unearthed the skeletal remains.

Javier said the remains were believed to be those of former members of the disbanded CHDF in Masbate who were abducted by NPA rebels sometime last 1988. The remains, which were apparently burned before being buried, were taken to Camp Bonnie Serrano in Masbate for further identification.

In Camarines Norte, policemen arrested two NPA rebels who had pulled off a holdup inside a passenger jeepney in Capalonga town over the weekend. Arrested were Federico Laguna alias Fred and Serafin Remoto Jr alias Ka [Comrade] Selmo, both residents of Barangay Lukbanan in Capalonga.

In Albay, three New People's Army rebels surrendered to military authorities this weekend. The three were identified as Mary Jane Austria, 16; Nellia Mercado alias Lila, 14; and Efren Llasos, 27.

Austria and Mercado reportedly admitted that they were affiliated with the outlawed Communist Party as regular members of the Grupong Pangkabataan. Llasos admitted that he was a "tax collector" of the NPA. The three were detained and undergoing investigation at the PC station in Daraga, Albay.

Mass Grave Found in Cagayan

HK0810033590 Manila MANILA BULLETIN in English 8 Oct 90 pp 1, 26

[By Owen Masaganda]

[Text] Tuguegarao, Cagayan—Government troopers have discovered a mass grave in Ballesteros, this province, containing the remains of at least eight persons allegedly killed by the rebel New People's Army (NPA) on suspicion that they were "deep penetration agents."

The mass graves were discovered following the fielding of a joint PC-INP and Army "special operation team" in the towns of Allacapan, Lallo, and Ballesteros.

Lt. Col. [Lieutenant Colonel] Persie Aldava, Cagayan PC commander, in his report to Col. Miguel F. Fontanilla, Recom [Regional command] 2 PC-INP chief, said that his special operation team (SOT) with elements from the "Delta" company of the 65th Infantry Battalion penetrated the remote barangays of the three towns. Aldava said that the SOT teams were divided into nine groups, some led by PC and Army officers and one team led by a police station commander.

In a meeting with some 1,560 residents of the three towns, Aldava reported that a total of 457 "subversive mass activists" and five members of the National Democratic Front (NDF), the political arm of the Communist Party of the Philippines, have surrendered. A total of 12 assorted firearms were also turned over to the military.

During the dialogue, Aldava said several activists and barangay officials surrendered their firearms and volunteered to the military the location of the mass grave where eight suspected government agents killed by the rebels were buried.

Fontanilla, in his report to Maj. Gen. [Major General] Cesar P. Nazareno, PC chief and INP director general, said he has ordered all PC provincial commanders in Region 2 to conduct SOT operations to penetrate 50 percent of the barangays including those on the island province of Batanes.

The Constabulary in Isabela under Lt. Col. Clyde Fernandez reported that it has conducted SOT operations in 119 barangays since last January. Colonel Fontanilla noted that the Isabela provincial command was able to gather some 17,000 residents to attend a dialogue with the military.

Fontanilla also said that SOT operations in Nueva Vizcaya had been suspended, because the troops were busy in the rescue operations for the victims of the July 16 earthquake.

Lt. Col. Rodrigo de Guzman, Nueva Vizcaya PC-INP commander, informed Fontanilla that his command will start SOT operations in Kayapa, Sta. Fe, and other towns beginning next month.

Columnist Views Art of Reading Communist Rebels

HK1110093890 Manila THE MANILA CHRONICLE in English 10 October 90 p 4

["Heart and Mind" column by Paulynn P. Sicam: "The Art of Reading the NDF"]

[Text] In 1986, when the NDF [National Democratic Front] first sent feelers to the newly installed Aquino government on the possibility of bilateral peace talks, reading the mysterious underground became an engrossing preoccupation. Every statement emanating from the Left-wing rebels was reported and examined carefully.

Are we any closer to reaching a peace agreement? The people wanted to know. And we searched for deeper meanings in the juxtaposition of its words and ideas, and the signatures at the end of the page.

When the peace process broke down in January 1987, the underground went back to its old, predictable rhetoric about people's war and broken promises and thus became totally uninteresting to the public.

These days, however, there is a renewed interest in the NDF's every utterance. Every letter from the underground, every statement of Satur Ocampo, Rudy Salas and Joema Sison is earnestly reported and carried on page one of the newspapers. So, when on the same weekend, Joema said in the Netherlands that peace talks were not possible and an NDF statement released in Manila said the doors to peace were wide open, NDF watchers knew that something was afoot. That not all was well in the underground.

Then, with Romy Kintanar's letter some weeks back saying the New People's Army [NPA] was calling off its ceasefire in the quake-stricken areas and in Metro Manila, the plot thickened even more.

Last week, however, a new NDF statement was released, this time signed by the National Council's vice chairman for international affairs, Luis Jalandoni. The document, which was faxed to newspaper offices, presumably from the NDF headquarters in Utrecht, confirmed that Jalandoni had "cordial and frank conversations with Rep. Jose Yap, chairman of the national defense committee of the Philippine House of Representatives, in Amsterdam on Sept. 27 and 29 on the possibility of bilateral peace talks between the NDFP [National Democratic Front Panel] and the GRP." [Government Reconciliation Panel]

According to the NDF, Yap was "entrusted with information of the views and proposals of the NDFP for direct delivery to Pres. Corazon C. Aquino." However, the NDF continued, "The entire substance and details of the information to the Philippine President as well as those of the conversations with Rep. Yap cannot be released to the press until after study and action of President Aquino."

The statement, however, gave enough hints about what was in the "information" to give NDF-watchers grist for speculation. For example, while announcing that "there are no substantive preconditions for the opening of bilateral peace talks between GRP and NDFP," the NDF referred to "procedural matters that must be settled to guarantee the mutual safety and convenience of the two sides." My guess here is that the NDF has proposed that the talks be held outside the country where not only its negotiators but also its staff and rah-rah boys and girls can feel safer.

As to having "no substantive preconditions," the next paragraph is loaded with what government could interpret to be just that: preconditions. The NDF, however, calls them mere "steps that President Aquino can take in order to create a favorable atmosphere for the talks." These steps, which involve "respect for Philippine national sovereignty, civil liberties and human rights," the NDF said, are "in accordance with presidential duty and prerogative under the GRP Constitution."

But what could the NDF possibly mean by "respect for Philippine national sovereignty" if not the removal of All American military bases in the country by September 16, 1991? About "civil liberties and human rights," the rebels must be referring to what they call the "double standard of justice" that closes its eyes at the civil rights of Leftist leaders facing charges before our courts. One glaring example of this is Rudy Salas' three-year-old petition for bail which the Supreme Court has not acted on, in one way or another. If these are not resolved, can there be peace talks?

The NDF statement went on to say, "Conversations about peace talks or even peace talks proper should not adversely affect the progress of both the legal democratic mass movement and the armed revolutionary movement," which looks like the NDF has proposed peace talks without ceasefire either from the legal Left or the NPA. Pressure politics from the cause-oriented groups will continue, the statement implied, in order to "stimulate" government to "negotiate seriously."

The final paragraph was the most curious of all. The NDF took pains to thank "Prof. Jose Ma. Sison" who acted as "resource person" during the talks with Rep Yap. And for good measure the statement ended with "Prof. Sison has expressed support for the peace process and agreed to be available for consultations."

This is a telling paragraph. It tells us that because of his legal problems in the Netherlands stemming from the rejection of his application for political asylum in that country, Sison's name needs to assume some respectability. Hence, the title of "Professor" and the term "consultant".

There are those who know Sison and do not trust him at all. They say that any move that includes him has got to be suspect because the man is insincere. On the other hand, there are those who are relieved that the NDF took pains to include him in its statement because of the message it sends to all of its members, including Kintanar and his NPA, that the Movement is finally speaking with one voice.

But then again, I may have misread the NDF altogether.

Immigration Reports Shorter Stay by Foreigners

HK1010040390 Manila THE MANILA CHRONICLE in English 10 Oct 90 p 1

[By Cherry Velarde]

[Text] Despite persistent coup rumors and the July 16 killer quake, fewer foreigners and locals left the country over the past nine months of this year compared with the same period in 1989, the immigration bureau reported yesterday. But more visitors refused to extend their stay, particularly during the third quarter (July-September) when the earthquake occurred and bombings became more frequent in Metro Manila.

The bureau also said revenue collections continued to drop by 17.3% to P(peso) 96 million for the first nine months from last year's P103 million because the "balikabayan [Filipino returnee from aboad] program" prevented the bureau from collecting immigration fees.

For the period, foreign and local departures decreased by 7.2% or from 2.05 million in 1989 to 1.97 million this year. But the number of extensions dropped by 17.05% from 71,197 to 67,627, the bureau said.

Arrivals, which had been on a slump since the start of the year due to the aborted December coup and persistent coup rumors, rose slightly by 3.09% from 1.47 million to 1.77 million. However, as the bureau itself said, the increase was mainly due to the repatriation of Philippine contract workers displaced by the Gulf crisis.

Meanwhile, arrests, exclusions and deportations also remained high for the period, averaging 4.07%. Most of those arrested were overstaying aliens and those trying to enter the country with fake documents, the bureau said.

The bureau reported that perhaps its most significant achievement this year was the reopening of the case against plastics magnate William Gathalian and eight other members of his family for allegedly being fake Filipinos. The lower courts had stopped his deportation through temporary restraining orders, but the government appealed the rulings to the Supreme Court.

Business Sector Seeks Less State Intervention

HK0910031590 Manila THE MANILA CHRONICLE in English 4 Oct 90 pp 11, 15

[Text] The business sector yesterday called on government to stick to its earlier promise "to veer away from the highly interventionist style of economic management" of the previous regime.

Opening the three-day annual Philippine Business Conference [PBC], Aurelio Periquet, president of the influential Philippine Chamber of Commerce and Industry (PCCI), said the government must recognize that its function is to encourage and support private institutions and not compete with it.

"It should extend greater support for business by maintaining stable monetary environment, dismantling monopolies, and deregulating industries to encourage more healthy competition, providing efficient infrastructure, and improving the peace and order situation," he said.

But the private sector, Periquet said, must let the government know its needs without becoming too dependent on it. "It should recognize that its role is to be the real engine of growth, and... should take the initiative in determining, in consultation with the government, the policy reforms that will improve the structure of incentives, increase efficiency, and in general allow it to be more active in economic development."

For his part, Trade and Industry Secretary Jose Concepcion said that 1991 would be the last chance to save the economy and enable it to catch up with its neighboring Asean countries. If this fails, the next administration would inherit an economy in ruins.

Concepcion said the country had missed on several occasions the vast economic opportunities in the Far East.

In a speech during the opening of the PBC, Concepcion said that in the early 1980s the country "missed the boat" and lost these opportunities to Thailand and in late 1980s, the Philippines lost the same to Indonesia. These countries had left the Philippines far behind and if the country would miss the boat again next year, it would no longer be able to catch up with its Asean neighbors, he said.

But Concepcion expressed some feeling of pessimism: "I'm always honored to be invited in this conference. But unlike in the past four PBC's, the adrenalin no longer rushes to my veins now." He said that the destabilization campaigns from both the rightist and leftist forces succeeded in destroying the image of the country abroad.

Because of this, many prospective foreign investors have either suspended or called off plans to invest here. This means, he said, the Board of Investments investment target of $5 billion this year and $7 billion next year may not be attained.

"But we still have one more year to make or break it. There are some forces who want to break it and if they succeed, the next administration will find an economy in ruins rather than an economy to build upon," Concepcion said.

To enable the economy corner a substantial portion of the remaining economic opportunities in the region and catch up with its neighboring countries. [sentence as published]

Concepcion said all sectors of the economy must double efforts and work together in addressing existing problems, heed the call for sacrifices and swallow the bitter pill.

The year 1991, he said, should be made a period of "compression" so that the works for a two-year period should be done within 12 months.

"The setbacks we had in the past years are signals for us to work harder and double our efforts so that before the end of the Aquino administration, we will be able to attain our objectives" he said.

Concepcion bats for the liberalization of foreign investment rules. In fact, he said that the Aquino government is adopting measures towards this end. For example, he said, the executive branch will shortly certify two administration bills to the Congress which are aimed at luring foreign investors to prefer the Philippines over other countries as investment site.

The first bill provides for the horizontal application of the Condominium Law which will allow foreigners to own land in industrial estate projects. He said the system is being applied in and has contributed to the economic success of Indonesia, Malaysia, and Thailand.

The other bill seeks for the nationalization of the status of multilateral financing institutions, particularly the Asian Development Bank and the International Finance Corporation, so that they can invest into the country without being subjected to the restrictive 60%-40% equity ownership rule. But these measures should be tied to a precondition that divestment by these foreign investors will be allowed only if ownership will be transferred to Filipinos.

The adoption of these measures will send the proper signal to the international investment community that the Philippines welcomes foreign capital particularly in industrial estates.

Concepcion said the strategy now is to concentrate all efforts and resources to the critical few industries that yield the greatest and immediate results. One of which is the export industry. This sector will have to be provided with all the support it needs.

Concepcion said that the Central Bank, for instance, has agreed to allow exporters to source 50% of their financing requirements from dollar-denominated loans which will be slapped with lower interest rate of 9%. "Our export industry will not be able to compete with their counterparts abroad if they will avail themselves of peso loans that are slapped with 25% to 28% interest," he said.

Creditors To Be Asked for Early Loan Release

HK0510150390 Manila THE MANILA CHRONICLE in English 5 Oct 90 pp 1, 15

[By staff member Arleen Chipongian]

[Text] The government would ask its official and commercial creditors not to link the release of some $350 million in loans to the Philippines to the forging of a new economic program with the International Monetary Fund (IMF), Central Bank Governor Jose Cuisia Jr said yesterday.

The government is badly in need of dollars and had expected these loans to come in during this fourth quarter to ease a worsening foreign exchange crisis. The loans include a $150 million "disaster facility" from the IMF, the $88 million third installment of the IMF's extended fund facility (EFF) to the Philippines and the $118 million third and final tranche of the $713-million loan approved by foreign commercial banks last year.

Another prospective source of dollars, the multi-billion dollar Philippine Assistance Program (PAP), is likewise being delayed by the absence of a new economic program with the IMF.

Cuisia said the second pledging session for the PAP had been moved to January next year because the international donor community wanted the country to finalize first its revised economic program with the IMF. The pledging session was originally scheduled for September this year.

Cuisia said the government had formally asked the IMF to "untie" the "disaster facility" (which is given to countries experiencing foreign exchange problems caused by external factors such as the surge in crude oil prices) as well as the third EFF installment following extraordinary events which had battered the economy, notably the prolonged drought, the July 16 earthquake and the Middle East crisis.

He added that in the review to be made by the IMF in the next two or three weeks, the government would ask the Fund to simplify the guidelines, or the so-called "trigger mechanism", for the availment of the $350-million contingency and compensatory financing facility (CCFF), which is open to countries suffering acute balance of payments (BOP) problems.

The Philippines has yet to conclude a new program with the IMF as it was forced by the series of crises that started with the failed December 1989 coup to revise its economic program for 1990-92. A major revision is the downscaling of growth targets to 3.5% this year from an original target of 6.5%.

The IMF, together with other official and commercial creditors, had expressed concern over how the Philippine government was dealing with the economic crisis it is facing.

Foreign banking sources in Manila earlier commented that delays in the implementation of vital reform programs and the phase out of the subsidy for some sectors, particularly the oil industry, were adversely affecting the country's economic performance.

One major concern raised was the ballooning public sector budget deficit, which is expected to shoot up to P[Philippine peso] 60 billion. Cuisia said the government was committed to reduce this deficit by P20 billion this year through higher revenues and expenditure cuts.

Meanwhile, Ambassador Elliott Richardson, special envoy of U.S. President George Bush to the PAP, emphasized that during the recent IMF-World Bank meetings in Washington, it was emphasized that "reforms are needed for the economic well-being of the Philippines." Among these are a more open investment climate, minimized red-tape, tariff reforms and the adoption of a competitive exchange rate.

Government Said Not in Favor of Import Controls

HK1010040790 Manila BUSINESS WORLD in English 10 Oct 90 pp 1, 6

[By Omar B. Dayao]

[Text] The Government is not keen on imposing import controls at this time in spite of the dollar shortage being experienced by the country.

Answering a query from a European businessman during yesterday's luncheon hosted by the European Chamber of Commerce in the Philippines, Finance Secretary Jesus P. Estanislao dismissed the possibility outright.

"We are not contemplating imposing import controls at all," the Finance chief averred. He added that the Government intends to avoid instituting import control measuers as the lessons of the 1983-1985 crisis indicate that doing so would be a mistake.

The practice of allocating scarce foreign exchange by the Central Bank was resorted to at the height of the economic crunch in the early 1980s. It was roundly criticized at that time due to widespread perception that favoritism in dollar allocations was being followed.

While Sec. Estanislao gave the assurance that the practice was not being considered, he, however, failed to provide a hard and fast answer to repeated questions on how and when the foreign exchange crisis would be tackled.

He said that that question will be dealt with after the paramount concern of the Government—the ballooning public sector deficit—shall have been satisfactorily addressed.

"What I can tell you very frankly is that we have to be able to put our fiscal problems in order," Sec. Estanislao said. "Hopefully in two to three weeks (we can already solve the fiscal deficit problem). After that, we can then move to the other areas of reform.

"The answer then to when we can settle the problem you (businessmen) have with letters of credits depends on when we can come into an agreement with Congress (regarding the fiscal imbalance)."

Mr Estanislao took note that if it were not for the country's debt servicing, there would have been no problem with the public sector deficit. However, he chided specific sectors of society for focusing their attention solely on the foreign debt.

The real problem, he said, is the domestic debt burden which will eat up P[Philippine peso] 59 billion in interest payments in 1990 as opposed to P16.3 billion for the foreign component of the national debt.

Sen. Estanislao said he was bewildered by the curent practice of government institutions raking in huge interest profits from Government itself. "A first priority of financial management should be to tighten up on the practice of Government itself paying high interest rates to government institutions and government corporations," Sec. Estanislao said.

"Under the present circumstances, what great rationale is there in paying government insurance systems market rates of interest that are clearly in a stratosphere way above average inflation rates? And what rhyme or reason is there for GOCCs (government-owned and -controlled corporations) to hoard excess liquidity so as to participate in Treasury bill auctions awarded at high interest rates?"

1991 National Budget Cut by 37.4 Billion Pesos

HK1110020790 Manila Far East Broadcasting Company in Tagalog 0100 GMT 11 Oct 90

[Text] Malacanang has decided to cut the 1991 national budget by 37.4 billion pesos. Next year's budget will be 260 billion pesos, down from the proposed 297.4 billion pesos. The new amount is almost the same as last year's. According to Budget Secretary Guillermo Carague, the 37.4-billion-peso cut will help reduce the 1991 budget deficit worth 32 billion pesos.

Thailand

U.S. Responds 'Positively' to Trade Request

BK1110044490 Bangkok BANGKOK POST in English 11 Oct 90 pp 17, 28

[Text] The United States has positively responded, for the first time, to Thailand's request for it to defer the Trade Act's Section 301 retaliatory measures following a General Agreement on Tariffs and Trade ruling in favour of the U.S. on cigarette imports. The positive response was made by Secretary of State James Baker in his recent talks with Thai Foreign Minister Subin Pinkhayan.

In fulfilling the GATT ruling, the Cabinet on Tuesday decided to lift the import ban on foreign cigarettes. The decision will strengthen Thailand's position in its talks with U.S. authorities next week.

Without this development, Thailand is likely to be included in the U.S. retaliation list. If this list is published in the Federal Register, the damage to Thailand's trade with the U.S. will be severe and far reaching. The retaliation will also be approved by the GATT. But the Thai Cabinet's decision has helped ease the tension.

"I have asked the U.S. not to take any retaliatory action under Section 301 without further negotiations after the GATT ruling," Dr Subin said.

Negotiations between Thai and U.S. officials are scheduled for next week in Washington.

Dr Subin said he had asked Mr Baker to forward his plea to the U.S. Trade Representative, reasoning that although the GATT ruling would enable Washington to retaliate, it was "politically inappropriate" to proceed immediately. He added that Mr Baker "agreed" with the reasoning.

Meanwhile, Finance Minister Wiraphong Ramangkun said the opening of the local market to foreign cigarettes had been decided on for the country's benefit. "We decided to lose in this matter in order to save the majority of the country's benefit," he said.

The retail price of imported cigarettes is expected to be about 37 baht per pack.

Following the Cabinet's decision lifting the import ban on foreign cigarettes, the Excise Department has set a "non-tax barrier" to restrict these imports, including nine "tough" conditions. Thailand will have to propose the barrier at next week's meeting with U.S. officials and negotiations are likely.

The nine conditions are:

—Each cigarette brand will be imported by a sole distributor.

Excise Department Director-General Wirot Laohaphan said the Thailand Tobacco Monopoly [TTM] was expected to be appointed the sole distributor of U.S. cigarettes, but this was up to the outcome of the meeting.

—Processing of imports will be "designed" by the Excise Department.

—Each pack of imported cigarettes will be affixed with an excise stamp inside the cellophane cover. This means importers will have to remove the cellophane cover in order to affix the stamp and then recover the pack with new cellophane.

—Each pack of imported cigarettes will have to carry Thai-language warning of the hazardous effects of smoking.

—Commercial promotions and all types of advertising for imported cigarettes will not be allowed.

- —A 30 percent import tax on the CIF [cost, insurance, and freight] price will be imposed on imported cigarettes, in addition to the 55 percent excise tax on the retail price.
- —The retail price will be considered by the Excise Department.
- —Cigarette imports will be allowed only through Bangkok International Airport (Don Muang) and Bangkok Port (Klong Toey).
- —The ingredients of imported cigarettes will have to be printed on the pack.

To avert accusations of discriminatiion, Mr Wirot said locally produced cigarettes would be required to comply with these regulations as well. He noted that when the import permission was in effect, about 60 million packs of foreign cigarettes were expected to be imported each year. The liberalisation of foreign cigarette imports will somewhow generate more revenue for the Government as smuggling activities are likely to be reduced.

In a related development, TTM labour union leader Suni Phiratyothin said TTM workers did not oppose the Cabinet's decision allowing foreign cigarette imports.

Government Liberalizes Policy on Oil Refineries

BK1010030890 Bangkok BANGKOK POST in English 9 Oct 90 p 1

[Text] The Government yesterday agreed to relax the conditions hindering the launch of Shell and Caltex's multi-billion-baht oil refineries.

The decision by the National Energy Policy Committee (NEPC) enables Caltex Oil (Thailand) to proceed with its 13,000-million-baht refinery at Mab Ta Phud, Rayong rather than in the South as earlier dictated by certain government policy makers. It also means The Shell Co of Thailand can now go ahead with its 19,000-million-baht refinery with the shareholding structure contained in the draft agreement concluded at the official level. Certain government officials were considering alterations. The resolution also clears the way for new investors to apply for licences to establish refineries free of many of the previous hurdles.

Overall, the resolution is a complete reversal of the government policy on establishing new refineries, marking a major liberalisation. The decision is believed to result partly from pressure on the Government from the U.S. and British administrations.

Acting on requests from the U.S. oil firm, Caltex, Washington, through its Ambassador to Thailand, has twice asked Prime Minister [PM] Chatchai Chunhawan to treat Caltex's application to build a 120,000 barrel-per-day refinery with fairness. Gen [General] Chatchai chaired yesterday's NEPC meeting.

The requests centre around Caltex's resistance to a resolution by the Subcommittee on Petroleum Policy, an NEPC branch chaired by PM's Office Minister Kon Thappharangsi, to build its refinery in the South as part of the Southern Seaboard Development Programme, a multi-billion-baht project aimed at turning the southern isthmus into an international transhipment centre for petroleum products and an industrial/trading centre. Caltex rejected the move because it felt the site was less viable economically than its preferred location in Rayong. The company cited the lack of infrastructure and support facilities in the South and its distance from the major oil market of Bangkok as reasons for the site's impracticality.

The British Ambassador to Thailand has also taken certain diplomatic action by protesting recent efforts to dilute the initial shareholding of Shell, an Anglo-Dutch company, in its 145,000 b/d [barrel per day] refinery from 64 percent to 51 percent. The state-run Petroleum Authority of Thailand (PTT) was to have its shareholding increased from 36 percent to 49 percent.

The draft agreement to establish the Shell refinery was scheduled to be signed in July, but was held up at the Cabinet Secretariat and could not receive the necessary endorsement. The delay was apparently caused by government indecision and the lack of ready directives on ways to handle the matter at the time Mr Kon was trying to block the Caltex scheme. Mr Kon threatened to revoke Caltex's right to build the refinery and called for new bids from investors willing to undertake the project when the U.S. oil company continued to insist on building the plant in Rayong.

The NEPC yesterday cited the country's need to have sufficient refining capacity to meet the domestic demand for finished oil products. Mr Kon said Thailand continued to depend on imported refined products for 40 percent of its needs.

The minister, who seemed unhappy with the NEPC decision yesterday, said no restrictions would be imposed on the number of refineries allowed to establish, their size, configuration or location. "The details will be left to their own discretion and risk," Mr Kon told reporters. He said the Government would have little to do with the matter.

The only three pre-requisites on investors are those already announced by Gen Chatchai. These stipulate that the "special benefits", including a cash bonus to the state, be no less than what Shell agreed to pay in its bid to build a refinery. Shell agreed to a cash bonus of 350 million baht.

The shareholding structure for the projects will be similar to Shell's—that is, the promoter's holding before divestiture of the shares to the public will be 64 percent and the PTT's 36 percent. After going public, the structure will be 45 percent for the promoter, 25 percent for the PTT and 30 percent for the public. The third condition calls for the refinery operator to sell all its output locally. Caltex earlier announced it could easily meet these conditions.

Mr Kon said the Office of National Energy Policy was assigned to draw up the details of the announcement inviting applications to build new refineries. He did not, however, say when the announcement would be made. The NEPC did not discuss Esso Standard Thailand's planned expansion of its refinery at a cost of 5,000 million baht. The expansion was put on hold pending the outcome of talks on refinery matters. Mr Kon said the NEPC now considered the Shell project finalised.

The committee also passed a resolution instructing government agencies to reduce the time required to establish new petrol stations below the existing average of 300 days. The resolution is designed to stimulate more competition once controls on oil prices are lifted.

It also instructed the Finance Ministry to reduce the import tariff on coal from 25 percent to 10 percent and lifted the requirement on diesel oil importers to seek prior approval from the Foreign Trade Department.

Finally, the NEPC also gave its endorsement to plans to raise the legal oil reserve requirement from 15 days for crude oil and 11 days for refined oil products to 18 days. The new requirement will be imposed in two years.

Subin Expects 'Consensus' on Cambodia Resolution

BK1110022190 Bangkok BANGKOK POST in English 11 Oct 90 p 7

[Text] As Cambodians grapple with the deadlock over composition of their Supreme National Council, Indonesia and France have already defined steps that would lead to the recovening of the International Conference on Cambodia to conclude the Cambodian settlement this December.

Foreign Minister Subin Pinkhayan yesterday disclosed that the three steps leading to the reopening of the Paris International Conference on Cambodia (PICC) of 19 nations, which adjourned without progress last year, first involved a working-level meet in Jakarta some time after next Monday when the consensus resolution on Cambodia is to be debated in the United Nations General Assembly. The working group meeting, to follow informal consultations between the two PICC co-chairmen and the Cambodians, will flesh out the framework documents for a Cambodian peace plan drafted by the U.S., Soviet Union, China, Britain and France, the five permanent members of the UN Security Council.

The comprehensive peace plan elaborated on the basis of the Permanent Five framework document will then be submitted from the working level to senior officials who will meet in Paris. Following their approval, PICC ministers will gather in Paris to endorse the plan.

According to Minister Subin who just returned from the U.S. and Canada, the working meet within the PICC framework in Jakarta could take one or two weeks, and the entire process leading to the ministerial-level meet of PICC could be completed within December this year.

The minister added that he expected this year's resolution on Cambodia to win the consensus of UN members. The key players of the Cambodian issue, namely China, the Soviet Union, the U.S. and Vietnam, have all seen the resolution.

While in New York for the General Assembly, Mr Subin met other ministers bilaterally and along with his ASEAN counterparts. They included U.S. Secretary of State James Baker, Soviet Foreign Minister Eduard Shevardnadze, Chinese Foreign Minister Qian Qichen and Japanese Foreign Minister Taro Nakayama. He said Mr Shevardnadze accepted his invitatiion to visit Thailand, while Vietnamese Foreign Minister Nguyen Co Thach will meet with him in Bangkok on October 29.

Singapore-Bound Ship Feared Hijacked to PRC

BK1110024890 Bangkok BANGKOK POST in English 11 Oct 90 p 1

[Text] Crime Suppression Division [CSD] police were asked yesterday to search for a Singapore-bound ship reported missing with its cargo of over 100 million baht worth of rubber sheets, feared to have been attacked by pirates early this month.

Thawon Ruang-arunwatthana, a representative of 14 Thai rubber exporters, who shipped out the 3,500 tons of rubber sheets, told CSD police the Panamanian-registered ship, named the Joyce, left Songkhla late last month and headed for the island republic where it was scheduled to arrive on October 1. The ship did not show up in Singapore and could not be located anywhere between Thailand and its destination. It was manned by 23 Burmese crewmen, including the captain, identified as Myint Wat.

Mr Thawon said a group of organised pirates may have hijacked the ship and delivered the rubber sheets to China, a major importer of the Thai product, normally supplied through Singapore.

The ship belongs to the Bangkok-based Siam Jade Shipping Co, represented in the island republic by Dong Guan Shipping Co, which told the rubber exporters in a telex on September 30 the ship had "engine trouble" at latitude 4.4 north and longitude 103.8 east. Siam Jade, however, was closed down two days after the ship left Songkhla port on September 28, the exporters' representative said. The 6,000-ton ship had just been registered on September 14 at the Panamanian consulate in Singapore, he said.

Mr Thawon said Malaysian authorities in Kelantan state told him no Panamanian-registered vessel had been found in Malaysian waters.

He said rubber planters in the South would be affected because most of the exporters, who had borrowed heavily from banks, would have no money to buy any more rubber from them.

Sources said that several years ago, CSD police had seized a ship loaded with 200 to 300 million baht worth of maize which had been hijacked in the Gulf of Thailand.

Minister Briefs on PRC Textile Cooperation

BK1110053490 Bangkok Domestic Service in Thai 0000 GMT 11 Oct 90

[Text] The Chinese Government is ready to cooperate with Thailand in the development of its textile industry, especially on improving productivity, which is aimed at expanding our export markets in Europe and the United States. Commerce Minister Amaret Sila-on briefed reporters on the potential for cooperation.

[Begin Amaret recording] We could possibly cooperate in the bleaching and dying of clothes. We may send our ready-made clothing to China for such processes if our textile industry authorities agree with the idea. Another possible form of cooperation would involve importing cotton, silk, and wool threads, which China can produce at a very low cost. We may import these materials from China for the production of our ready-made garments to be exported to Europe and the United States. These are the matters we should follow up on and find ways to further cooperate on. [end recording]

Cabinet Approves Closer Ties With East Europe

BK1010073990 Bangkok BANGKOK POST in English 10 Oct 90 p 3

[Text] The Cabinet yesterday approved a policy of establishing closer political, economic, social, and military ties with Eastern Europe. The new policy aims at improving scientific and educational cooperation with Eastern European countries and promoting measures to expand Thailand's trade and investments there.

Suchinda on Pressure for Military Intervention

BK1110022590 Bangkok BANGKOK POST in English 11 Oct 90 p 3

[Text] Army Commander-in-Chief Suchinda Khraprayun said yesterday he had not yet been approached by any opposition MP or any senator asking him to sign a motion calling for the convening of an extraordinary parliamentary session. He also said he was not involved in the Opposition's move seeking the extra session.

Asked whether he had received any more letters from the public urging military intervention to resolve the political crisis, General Suchinda said half-jokingly that he had already received a letter from one person who claimed he had written to him for the millionth time.

Gen. Suchinda and several other top military officers and senior civil servants had breakfast with Prime Minister Chatchai Chunhawan at his Soi Ratchakru residence yesterday. Among the guests were Deputy Commander-in-Chief Gen. Itsaraphong Nunphakdi, Air Force Commander-in-Chief ACM [Air Chief Marshal] Kaset Rotchananin and his deputy ACM Kan Phimanthip, Navy Commander-in-Chief Adm. [Admiral] Praphat Kritsanachan, Police Chief Gen. Sawaeng Thirasawat, Interior Minister Banhan Sinlapa-acha and Interior Permanent Secretary Anan Anantakun.

Gen. Suchinda said the Prime Minister spoke about his forthcoming visit to Britain and Switzerland. No politics were discussed, he added.

Meanwhile, Special Warfare Commander Lt.-Gen. [Lieutenant General] Khachon Ramanwong said an extraordinary session was not necessary as the political situation had already improved. "We should wait and see what the Government will do first," he said. However, he said a special session would provide an opportunity for the Government to clear any doubts that the public may have about the administration.

He said he had not yet been approached to support the Opposition's motion for the extraordinary session.

Commenting on the Opposition's move to reconvene the extra House session, former secretary to the Prime Minister, Gen. Panya Singsakda, a senator, said the Opposition had not yet made itself clear about its objectives in seeking the opening of an extraordinary session. However, he said senators would support the move if it was meant for the good of the country.

Asked to comment on whether a Cabinet reshuffle could help the Government solve its problems, Gen. Panya said the Government could stay on if the Prime Minister could clear the people's doubts, but the question was how he was going to reshuffle his Cabinet. He declined to comment on whether he would support former army chief Gen. Chawalit Yongchaiyut in any move to join the Government. "What I can say is that if he joins the Government and can help the country and can make people live comfortably, then I will support him."

Government Denies News Ban Against Chawalit

BK1110024390 Bangkok THE NATION in English 11 Oct 90 p 1

[By Sorayut Suthatsanachinda and Kokhet Chantaloetlak]

[Text] Prime Minister [PM] Chatchai Chunhawan has ordered state-run TV stations to avoid broadcasting former army chief Gen [General] Chawalit Yongchaiyut's activities and anti-government comments by others, government officials and reporters of the two stations said yesterday.

But Government Spokesman Suwit Yotmani and PM's Office Minister Chaloem Yubamrung yesterday denied that the premier has given such an order.

The premier reportedly relayed the order through Pol Capt [Police Captain] Chaloem, who is in charge of the Mass Communications Organization of Thailand, during their meeting at Government House last Monday. Gen Chatchai was said to have issued the order after Chawalit's busy political activities and comments were given extensive publicity last weekend.

Reporters of the two state-run stations, Channel 3 and Channel 9, said they were told by the management to try to avoid covering stories which could tarnish the reputation of the government. The political reporters of the stations who cover the activities of the prime minister also reported that they received verbal instructions not to ask the premier whether he would step down or dissolve the House. The order, however, did not cover Channel 5 and Channel 7, which are supervised by the army. But PM's Secretary General Gen Wanchai Chitchamnong reportedly sent a letter to Channel 5, asking the station to ban anchorman Somkiat Onwimon's appearance in its evening news programme on the grounds that the premier was not happy with the way the well-known TV personality conducted the programme.

But Chaloem yesterday strongly insisted that the premier has never ordered the ban on the news coverage of Chawalit's activities. "I would let you execute me if such an order was really given," he contended.

Spokesman Suwit, meanwhile, said he has checked with the Cabinet Secretariat and found that no such order was signed by the premier.

Chatchai Refuses To Remove Interior Minister

BK1010050890 Bangkok BANGKOK POST in English 10 Oct 90 p 1

[Text] Prime Minister Chatchai Chunhawan said yesterday "ill-intentioned" elements were trying a drive a wedge between him and Interior Minister Banhan Sinlapa-acha in a bid to destroy the Chat Thai Party. The Premier's comment was made to a group of Chat Thai Party MPs who turned up to give him moral support and to urge him not to remove Mr Banhan from the Interior Ministry.

Without mentioning names, Gen [General] Chatchai said that attempts have been made to put him in conflict with Mr Banhan. Mr Banhan, Gen Chatchai said, was the first target of criticism and if the Chat Thai secretary general succumbed to the attack, the next target would be him. "It's like wrestling with giants. They have to do it one by one. This is the tactic. We used to do it before and now it is being used on us. We must remain alert," Gen Chatchai said.

The Premier assured that he would not remove Mr Banhan as Interior Minister in the event of a Cabinet reshuffle. "This is something like the rumour about the Parliament dissolution. If I refuse to remove him (as Interior Minister), who else will be able to do it?"

Some 70 Chat Thai MPs led by Mr Banhan turned up at Gen Chatchai's residence and presented him with flowers to give him encouragement. However, key members of Praman Adireksan's wing including Mr Pramuan Saphawasu, Anuwat Watthanaphongsiri and Mr Sa-at Piyawan were not seen among the well-wishers.

During the meeting Buri Ram MP Phichit Thiraratchatanon asked the Prime Minister to clarify news reports about a move to transfer Mr Banhan from the Interior Ministry. Phetchabun and Phetburi MPs Pancha Kesonthong and Piya Angkinan urged that the party's portfolios, particular that of the Interior Ministry, be kept unchanged, if and when the Prime Minister decided to reshuffle the Cabinet. Mr Banhan asked that the Prime Minister allow other Chat Thai Party MPs to have a say in the party's affairs.

Gen Chatchai, responding to the MPs' calls, said that he would organise more meetings with MPs to give them a greater chance to take part in the decision-making process in the party.

Ealier in the meeting, the Chat Thai MPs pledged their support for the Prime Minister and asked that he not be discouraged by the recent political developments.

Reaffirming his determination to carry on as the Prime Minister, Gen Chatchai said that he definitely would not resign. "I am not a man who can be easily defeated. But we have to be tactful in moving ahead. Sometimes we might have to step back in order to be able to move ahead. We may have to take three steps back in order to make four steps forward. I was born and have been through several governments and I know how they handle politics. There's no need to worry. Don't be afraid. I won't resign," Gen Chatchai said.

He said that there had been widespread speculation that he would resign or dissolve Parliament. "We are now the Government so why should we dissolve Parliament? Moreover, Parliament is not in session now, so how can I dissolve it?" he said.

Further Reshuffling Will Intensify 'Squabbling'

BK0610030090 Bangkok THE NATION in English 5 Oct 90 p 10

[Editorial: "Let's Talk in Parliament]

[Text] The prime minister must be under a great deal of political pressure lately. On Wednesday he blamed the media once again for cooking up bad news about his administration—which he still insists has "no problem" at all. He specifically lashed out at the Army-owned TV Channel 5 for allegedly indulging in the speculation that the House would soon be dissolved.

True the prime minister is the only one with the power to dissolve the House. And he hasn't decided to wield this power yet. He may even have ruled out this option as unacceptable. He has also refused to step down. But the apparently worsening political crisis besetting his administration makes his "no problem-do nothing" position untenable.

Further reshuffling the Cabinet will only aggravate the squabbling among the coalition partners and worsen the rifts between factions within some major government parties. Already inside his own party there is a growing movement to edge the prime minister out of the party leader post and invite Industry Minister Praman Adireksan, his own brother-in-law and one of the party's co-founders, to take over the party's helm.

Though this is an internal affair of the core government party, it has serious adverse impact on the government in general and the prime minister in particular. It also increases public concern about the competency of this administration at a time when the country is saddled with economic problems.

On the other hand, the squabbling between the Chat Thai and the Social Action Parties over the Bt150-billion phone project can hardly be called a "no problem." Indeed, the struggle is not as much about the feasibility or desirability of this mammoth project as who will get what and how much. And the disagreement is so serious that both sides have put their political futures at stake.

Also puzzling is the role of the flamboyant PM's [Prime Minister's] Office Minister Chaloem Yubamrung in the controversial changes to the police promotions list, and his noisy quarrel with Interior Minister Banhan Sinlapa-acha, which quickly came to an end after Banhan agreed to make the changes. Now many people are asking what made Chaloem, who leads a party of only five MPs, so powerful that even Banhan had to submit to his wishes.

Prachakon Thai Party leader Samak Suntharawet claims he can answer this question but wants to do so in an extraordinary meeting of Parliament. He and Narong Wongwan, leader of the Solidarity, the largest opposition party, have started a campaign to solicit the endorsement of senators for the opening of a special parliamentary session to grill the Cabinet. The Opposition has only 111 votes in the 357-member House. At least 97 votes in the Senate are needed to validate the call, which requires the support of at least one-third the combined votes of the two chambers.

The Opposition made a correct move which should receive strong support from all 267 Senators. This is a legitimate way of showing political responsibility to the country, which is both a consitutional right and a duty of all lawmakers. But Samak's motive of pre-empting a military intervention should not be over- emphasized. No military leaders need interfere while there are still parliamentary means to resolve the current political crisis. And convening an extraordinary parliamentary meeting is one of them.

Another solution is for the prime minister himself to call the meeting under Article 153 of the Constitution. This will give all lawmakers and Cabinet members an opportunity to seek clarification on outstanding issues in an orderly manner. This is by far much better than talking and arguing with one another through the media. This will also save the media from the blame of spreading bad news.

Chatchai Urged To End 'Political Charade'

BK0810040290 Bangkok THE NATION in English 8 Oct 90 p 1

["Open Letter to the Prime Minister From THE NATION"—THE NATION headline]

[Text] Dear Gen [General] Chatchai,

This is a special plea from a newspaper which happens to believe you can still save Thai democracy—that you can still go down in history as a political leader who knows when the game is getting too dirty, too ugly and too dangerous for the country.

The message from the public is clear: The present political charade must stop. The circus must come to an end.

Sir, this government has lost its legitimacy to continue in office. The public has lost confidence in the small circle of politicians who have the audacity to think they can keep the people from seeing that their blatantly selfish infighting is only meant to keep them in power. Another Cabinet reshuffle will be just prolong the country's agony. You know, and we all know, that changing the compositon of your Cabinet will not solve the country's growing problems, which on the economic front are growing day-by-day because of the effects of the Persian Gulf crisis.

Even your resignation would not pluck the nation out of this hopelessly vicious scramble to protect vested interests. This option would only unleash a wild chase among the same old faces in the current political landscape, most of whom have been severely tainted by one scandal or another. The country deserves better choices.

The only viable way out of the current political crisis—for which you can't possibly fully disclaim responsibility—is to dissolve Parliament and call a general election. The people are demanding a chance to decide again where the mandate should be placed. The current powers-that-be have betrayed the public's trust. They have no right, no mandate, and no moral justification to remain in the government.

Your statement earlier this week—that you wouldn't quit and wouldn't call a snap election but were contemplating another Cabinet reshuffle "because some people want to become Cabinet members"—was, to put it mildly, a slap in the face for the Thai people.

Sir, Thailand is not a banana republic, where the premier may try to save his own position by appeasing his political cronies with Cabinet seats.

This government has poured insults on the general public so often, and so shamelessly, that it has threatened to undermine democratic rule itself. Your government has proudly pointed out on numerous occasions that it is the first popularly elected government in 12 years. But the mad scramble for power and fortune, the blatant abuse of authority by officials who seek favours for their own supporters, and the shocking disrespect for the public's intelligence have placed the country in a precarious position. The military has been accorded an excuse to point to the indisputably repugnant face of corruption among politicians and reclaim the "right" to "help the country." The last thing we need is a return to political intervention by the military. This government, having given a bad name to democracy, would certainly be held responsible for handing the country on a silver platter to politically ambitious leaders in the armed forces.

Mr Prime Minister: Please have mercy on the Thai people. You can still save the country and democracy by giving up your desperate attempts to win this unnecessary and futile game against your political foes. The stakes for the country are too high for you and your colleagues to continue with this gamble.

Sir, return the mandate to the people. Give democracy another chance before it's too late. Sutthichai Yun [Chief Editor, THE NATION]

Police Report Clash With Separatists in South

BK1010141190 Bangkok Army Television Channel 5 in Thai 1230 GMT 10 Oct 90

[Text] Police General Sawaeng Thirasawat, director general of the Police Department, disclosed that there was a clash on 9 October between policemen and separatists near a mountain in Yaha District, Yala Province. Sawaeng said on 5 October government informants reported a meeting taking place involving 70 men who were members of a united front and members of the BRN [Barisan Revolusi Nasional—National Revolution Front] separatist group under Po Ya Yu to plan terrorist activities in the three southern border provinces. Based on that information, a combined police unit conducted an operation and the resulting clash resulted in two policemen killed and another seriously wounded. The wounded and dead policemen have been recovered from the battle site.

Sawaeng said the Provincial Police Region 4 and the Civilian, Police, and Military Unit No. 43 will cooperate to continue their suppression drive. Local police units have been urged to increase their vigilance. Sawaeng rejected the suggestion that the separatist element has become stronger and better armed, saying to date there has been no cooperation between the two groups. Moreover, the Communist Party of Malaya had already signed a peace treaty with the Thai and Malaysian Governments late last year.

Central Bank Continues 'Tight' Monetary Policy

BK0610055790 Bangkok THE NATION in English 5 Oct 90 p B1

[By Watchara Charunsantikun]

[Text] The Bank of Thailand has set up a Bt [baht] 10-20 billion credit facility to inject into the money market to prevent a short-term "liquidity crunch" as monetary authorities resist pressure to raise the ceiling on loan interest rates.

The central bank, led by newly appointed governor Wichit Suphinit, held a press conference yesterday to spell out monetary policy directions amid the changed economic environment caused by the Gulf crisis, which is threatening to create the world's third "oil shock".

As world crude oil prices hold above US$30 per barrel, pushing predictions of the domestic inflation rate up to seven percent, and nine percent in 1991, the domestic money market has tightened. The liquidity problems were aggravated by the withdrawal of Bt25 billion from the economy through mid-year corporate income tax payments.

Authoritative sources said the central bank was preparing to maintain its "tight" monetary policy to control inflation and prevent the money supply from growing at the same rate as demand for money which is rising naturally as prices of goods and services rise. The sources also ruled out any possibility in the immediate term of releasing the Bt100-billion fiscal surplus recorded by the Finance Ministry since it would only fuel higher inflation.

The tight money and fiscal policies have been implemented without "squeezing the economy" too much or too fast thanks mainly to the country's solid foreign exchange reserve base of US$14 billion and its strong export sector. Without these strengths, the loan ceiling rate would have almost certainly been lifted by now and tougher monetary and fiscal measures implemented

In the short term, the central bank has lengthened the life-line of banks by setting aside a facility of Bt10-20 billion to be injected through the rediscount market. In recent weeks, the bank has been injecting an average of between Bt4-6 billion into the market each day. Still, the loan window indicates that the outstanding debts of banks amounts to some Bt6 billion.

"The objective in the immediate term is to avoid a liquidity crunch from a market overreaction whether it is to do with lower credit growth or the rapid rise in lending rates," Wichit told reporters. He said disciplinary fiscal and monetary policies would be maintained in the medium and long term to prevent excessive expansion of the money supply which could trigger higher inflation. Five priority guidelines have been adopted. They are:

—The growth in the money supply must not be so excessive as to destabilize prices of goods and services:

—Interest rate policy must be flexible enough to permit adjustments to market forces. The picture will become clearer after another review in November of the economy and the world crude oil situation.

—Maintaining the competitiveness of Thailand in the world economic arena. The inflation rate will be held to the level to maintain competitiveness and to allow the economy to adjust to the new base. The prevailing foreign exchange rate policy will be upheld without change.

—Promotion of international trade at both the public and private sector levels and greater penetration of world markets despite the declining value of the U.S. dollar against major currencies including the baht.

—Promote savings to support investment requirements of the government estimated at Bt600 billion and Bt500-600 billion for the export sector.

Siri Kancharoendi, director of the bank's Research and Planning Department, said the tight money situation would be maintained for some time to cap the inflation rate at a low level with a variance of no more than 1-2 percent compared to the world inflation rate or those of the country's major trade competitors. He added that the authorities would not inject additional money into the economy and thus ruled out a request by the Thai Bankers' Association for the central bank to raise its contribution in the present equally-split funding of the export financing or packing credit.

Siri said the central bank is prepared to assist banks by permitting them to raise the interest rates on the packing credit rate from 10 percent. The move would also help deflect accusations that the Thai Government was subsidising its export sector.

He said the present policy strategy was designed with the aim of improving the use of money by the banks and the private sector and to avoid shocks to the system. The injection of funds through the rediscount market and the loan window were being done "at a price" he added, and not aimlessly.

Pakon Malakun, assistant governor, said the central bank would not raise the funding of the packing credit since only 40 percent of the full line of Bt42 billion had been utilized.

He said the banks still have a margin of 2 percent on the packing credit rate. But an increase is still possible.

Vietnam

Government Denounces Israel's 'New Crime'

BK1010153590 Hanoi Domestic Service in Vietnamese 1430 GMT 10 Oct 90

[Text] On 8-9 October 1990, Israeli police, using lethal weapons including helicopters and toxic gas, brutally fired at Palestinians at the al-Aqsa Mosque area in Jerusalem, killing 33 persons and wounding almost 1,000 others. This action grossly tramples on the human and national rights of the Palestinian people, undermines a peaceful settlement of the Middle East issue, and challenges public opinion.

The people and government of the Socialist Republic of Vietnam [SRV] vehemently denounce this new crime of the Israeli authorities and demand that they immediately stop all their suppression of the Palestinian people. The SRV people and government reaffirm their solidarity and strong support for the Palestinian people who are, under PLO leadership, heroically struggling against the Israeli occupation for their fundamental national rights.

Foreign Ministry Condemns Actions

BK1010160790 Hanoi VNA in English 1455 GMT 10 Oct 90

[Text] Hanoi VNA Oct. 10—The Vietnamese Foreign Ministry's spokesman today vehemently condemned the Israeli authorities for their new brutal crimes against the Palestinian people in Jerusalem.

The condemnation was made right after learning of the news that on October 8-9, 1990, Israeli police used lethal weapons including armed helicopters and toxic gases in their brutal repression of the Palestinians in the al-Aqsa church area in Jerusalem, killing 30 people and wounding 1,000 others.

The Vietnamese spokesman demanded that the Israeli authorities stop at once all their criminal moves against the Palestinian people and honour human and national rights of the Arab Palestinian people. He said :

"The Vietnamese Government and people reaffirm their close solidarity with and strong support for the heroic Palestinian people's just struggle against the Israeli occupationists for their fundamental national rights."

Do Muoi Thanks India for Gulf Refugee Aid

BK1010013390 Hanoi VNA in English 1524 GMT 9 Oct 90

[Text] Hanoi VNA October 9—Chairman of the Council of Minister Do Muoi today sent a message to Prime Minister Vishwanath Pratap Singh expressing his sincere thanks to the Indian Government for having decided to share a part of relief food for its nationals in Iraq with Vietnamese workers there.

The message reads: "The decision is a vivid manifestation of the Indian Government and people's humanitarian spirit, and of the traditional and loyal friendship between the two nations, we highly appreciate this noble gesture and would like to express our deep gratitude to the fraternal Indian Government and people."

The message also reaffirms the Vietnamese Government's and people's determination to further promote the traditional friendship and multi-sided cooperation between the two countries.

Nguyen Thanh Binh, Others Attend DPRK Film

BK1010070090 Hanoi VNA in English 1522 GMT 9 Oct 90

[Text] Hanoi VNA October 9—Ambassador of the Democratic People's Republic of Korea Yi Hong offered a film show here this evening marking the 45th founding anniversary of the Workers' Party of Korea (October 10).

Present among others were Nguyen Thanh Binh, Politburo member and secretary of the Communist Party of Vietnam (CPV) Central Committee; Phan Dinh Vinh, deputy head of the CPV Central Committee's External Relations Commission; and Le Mai, deputy foreign minister.

Ambassador Yi Hong and party Secretary Nguyen Thanh Binh expressed wish for the further consolidation and development of the friendship and cooperation between the Workers' Party of Korea and the CPV and between the two peoples.

VFF Conference Discusses Socioeconomic Problems

BK0810141590 Hanoi Domestic Service in Vietnamese 1100 GMT 5 Oct 90

[Text] The Vietnam Fatherland Front [VFF] Central Committee Presidium held a conference from 3 to 5 October to assess the front performances in the recent past and to discuss measures to mobilize the people to cooperate with the party and state to solve the pressing socioeconomic problems of the country.

After hearing a report on the conclusions of the party central committee's ninth plenum and on some of the pressing socioeconomic problems, the conferees debated and unanimously agreed on the observations and policies of the party.

The Fatherland Front together with various echelons, sectors and member organizations are dutybound to mobilize all the people to strenuously struggle to implement the policies, lines, and measures which the party has set forth. For the immediate future, in the drive to advance toward the seventh congress of the Communist Party of Vietnam, the Front will step up its political and ideological activities among the masses, motivate all the people to uphold self-reliance and self-support, promote close unity and perseveringly build socialism so the people thoroughly understand socioeconomic laws, exercise their supervision over the activities of state agencies, and actively join in the struggle to oppose smuggling, corruption, waste, and tax shortfall, and to protect the production of domestic goods.

The conferees petitioned the party and state to adopt comprehensive measures to mobilize large numbers of the people to participate in solving the pressing socioeconomic problems and in the purification drive so as to enhance the effectiveness of the state machinery, and more adequately institutionalize the responsibility and authority of the Front organizations.

The VFF Central Committee Presidium also celebrated the 80th birthday of lawyer Nguyen Huu Tho, its chairman, and Mr. Son Thong, a member of the presidium.

Nguyen Duc Tam Addresses Secretariat Session

BK0710065590 Hanoi Domestic Service in Vietnamese 2300 GMT 5 Oct 90

[Text] On 5 October, the Secretariat of the party Central Committee held a working session with some party committees of the bloc of organs directly subordinate to the party Central Committee to discuss implemention of the campaign to consolidate party organizations and to purify and increase the fighting strength of the ranks of cadres and party members. The party committees of the bloc reached a high level of unanimity of views with the Secretariat's policy concerning the campaign. They deemed it necessary to push forth this campaign even more strongly and to promote close coordination between party organs and the state apparatus in the process of consolidating party organizations and struggling against corruption in the system of state agencies.

Concluding the session, Comrade Nguyen Duc Tam, member of the Political Bureau and secretary of the party Central Committee, pointed out the responsibility of various party organizations in the bloc to continue to implement Political Bureau Directive 4, satisfactorily fulfilling the requirements of purifying the party, enhancing the efficiency of the state apparatus, and making social relations healthy. To carry out these tasks in the spirit of party purification is to effectively contribute to the struggle against corruption. Comrade Nguyen Duc Tam also stressed the state agencies' responsibility for combating corruption, saying that this was also aimed at contributing to the consolidation of party organizations.

Phan Van Khai on Renovation of Planning Work

BK0910162490 Hanoi VNA in English 1508 GMT 8 Oct 90

[Text] Hanoi VNA October 8—In recent years, in the light of the renovation policy of the Communist Party of Vietnam, the state plan has taken a better and better defined orientation while the economic organisations at local level have been given more and more autonomy in planning and cost-profit accounting.

This remark was made by Phan Van Khai, head of the State Planning Commission in an article in the daily NHAN DAN today on the occasion of the 35th founding anniversary of the State Planning Commission.

Phan Van Khai wrote:

In order to perfect the mechanism of economic management, strengthen the party's leadership and the state's managerial role, it is necessary to continue the renovation of planning in the direction of abolishing the bureaucratic mechanism based on state subsidies, to set up a new mechanism of planning suited to the multisector commodity economy under the macro-economic regulation by the socialist state.

On the basis of fully and correctly applying the principles of economics, goods production and the market law, we should raise the efficiency of the state plan and orientation. The market is the base and also the object of planning. We must base ourselves mainly on the guiding plan which uses the money-goods relationship, the system of policies on finance, money, price, information... and the laws to ensure that the orientation of the plan really develop its role as a regulator for economic activities. We must also ensure the legal protection and supervision of the right of ownership and the use of properties in various economic sectors in order to facilitate indirect planning and increase the powers and responsibility for autonomous planning of the grassroots economic establishments.

The state plans should focus on the development of agriculture in combination with processing industry, the production of consumer goods and export goods, the expansion of the energy industry and a number of production means as the motive force of the economy, thus better meeting the demands of the socio-economic infrastructure and the necessary technical and economic services. Efforts should be made to promote the new investment mechanism, mobilize the biggest investment potentials at home and abroad to develop production. State investment will be mainly devoted to strengthening the infrastructure, scientific research institutions, education, training and social welfare. Investments should also aim to create more projects involving a larger number of workers.

The plans as well as policies must be ultimately directed at serving the people in order to create a new impetus to develop the economy. The social plan should not be the last concern to be met after settling the task of economic development.

Phan Van Khai added that the State Planning Commission has urged the Council of Ministers to promulgate as soon as possible a statute on the organization and activities of the State Planning Commission, and the planning system at various branches and levels.

Pham The Duyet Attends Women's Union Meeting

BK1010080890 Hanoi Domestic Service in Vietnamese 2300 GMT 8 Oct 90

[Text] On the occasion of the 60th founding anniversary of the Vietnam Women's Union, on 8 October the Standing Committee of the Women's Union of Hanoi held a get-together of more than 20 veteran women cadres of the Vietnam Women's Union. Comrade Pham The Duyet, secretary of the party Central Committee and secretary of the Hanoi Municipal Party Committee, and Comrade Nguyen Thi Dinh, member of the party Central Commitee, vice chairman of the Council of Ministers, and president of the Vietnam Women's Union, attended.

The delegates heard a report on the results obtained by women in the capital in the two major campaigns initiated by the Vietnam Women's Union Central Committee, namely, the movement of women to help each other in carrying out family economy and the movement to raise healthy and good children.

New Zealand

Iraqis Asked To Pass Voting Papers to Hostages

BK1010054290 Hong Kong AFP in English 0023 GMT 10 Oct 90

[Text] Wellington, Oct 10 (AFP)—New Zealand diplomats are trying to get voting papers to a couple being held in Iraq, a consular official said here Wednesday. British passport holders and New Zealand residents Daphne and Henry Halkyard are being held at an unknown location after being taken off a British Airways flight that landed at Kuwait during the Iraqi invasion on August 2. They are entitled to vote in New Zealand's October 27 general elections.

Ministry of External Relations Consular Division head Graeme Ammundsen said a package containing voting papers had been passed by the New Zealand Embassy in Baghdad to Iraqi officials. The ministry is also trying to get voting papers to six other New Zealanders in Iraq and 11 in Kuwait whose whereabouts are known to New Zealand officials.

Mr. Ammundsen was not prepared to say how the papers would be passed to the New Zealanders in Kuwait. "We will do our best to get them there," he said.

The New Zealanders have until 7:00 P.M. the day before election day to cast a special vote. The papers have to be returned to New Zealand within 10 days to be counted.

Papua New Guinea

Port Moresby Appeals for More Peace Talks

BK1110103290 Hong Kong AFP in English 1014 GMT 11 Oct 90

[Text] Port Moresby, Oct 11 (AFP)—Papua New Guinea's political leaders Thursday offered to resume peace talks with secessionist Bougainville militants following recent flare-ups when Port Moresby regained control of Buka Island off Bougainville. Prime Minister Rabbie Namaliu and Justice Minister Bernard Narokobi told reporters they were prepared to hold the second round of peace talks possibly in the Solomon Islands as suggested by the rebels.

A second round of peace talks was sheduled for late September following the first round of talks in August off Bougainville where a 16-month war claimed more than 80 lives until Port Moresby withdrew its forces in March. "We don't want to see any more people killed," Mr. Narokobi said. "There must be an end to this and the only way is to sit down and talk about it." But he rejected a precondition for talks set down by the rebels that Port Moresby's security forces withdraw from Buka Island, off the northern tip of Bougainville.

The Bougainville militants on Wednesday released an eight-page statement which included a call for more peace talks. But the statement also slammed Port Moresby for resuming control of Buka and accused the security forces of indiscriminate shelling of villages, looting and intimidation. Port Moresby imposed a communications and transport blockade against Bougainville when the Bougainville Revolutionary Army declared independence in April.

Bougainville Leader Rejects Offer by Somare

BK1010081890 Melbourne Overseas Service in English 0700 GMT 9 Oct 90

[Text] The leader of the Bougainville delegation to last August's peace talks has rejected moves by Papua New Guinea's foreign minister, Sir Michael Somare, for a second round of talks in Rabaul.

Radio Australia's Port Moresby correspondent, Sean Dorney, said the rejection came from Mr. Joseph Kabui, the justice minister in the self-proclaimed Republic of Bougainville. Mr. Kabui set as the first condition for further talks with Port Moresby that it withdraw its troops off Buka and (Nissen) Islands to the north of Bougainville. He also ruled out Rabaul as a possible location for the talks saying that he preferred that they be held aboard ships in waters off Solomon Islands. Mr Kabui wants New Zealand to again provide warships as a venue.

Thousands Armed for Clash With Security Forces

BK1010145690 Hong Kong AFP in English 1434 GMT 10 Oct 90

[Text] Port Moresby, Oct 10 (AFP)—Thousands of Bougainvilleans have armed themselves in preparation for a clash with Papua New Guinea security forces, Bougainville rebels warned Wednesday. The rebels also raised allegations of defence forces indiscriminately shelling villages, torturing captured rebels, looting and harrassing innocent people.

The warning and the allegations were made by Bougainville Leader Joseph Kabui in an eight-page statement faxed to the Port Moresby office of the Australian Broadcasting Commission.

The rebels say they are prepared to defend the main Bougainville Island after government security forces regained control of Buka Island off the northern tip of Bougainville.

Mr. Kabui's statement also disputes casualty figures from their recent clashes with security forces, claiming the rebels lost only four lives against more than 30 troop deaths. This compares with figures released last week by Defence Minister Benais Sabumei saying 20 rebels and one soldier had been killed as security forces regained Buka.

Mr. Kabui, who led the Bougainville rebel delegation during recent peace talks with the government, accused security forces of "continuous acts of aggression and provocation" in breach of the peace accords signed on

August 5. Despite his allegations and critisism, he said the rebels were still prepared to meet the government for a second round of peace talks, originally due for the last week in September. However, he set preconditions the government has indicated it will refuse to accept, including the withdrawal of troops from Buka.

On Friday the government also signed an agreement with community leaders from Buka providing for the restoration of goods and services to the island. It will continue to provide security on the island, separated from Bougainville by a 500-metre (500-yard) stretch of water.

Government negotiators, Foreign Minister Michael Somare and Attorney-General Bernard Narokobi tried unsuccessfully Wednesday to contact Mr. Kabui.

In his statement, Mr. Kabui detailed two Bougainville Revolutionary Army (BRA) operations which he said, far from going disastrously awry, resulted in heavy defence force casualties and only light BRA losses.

Mr. Kabui said the Bougainville crisis had become an international issue affecting the rest of the South Pacific and he called on other governments to condemn what he described as "cowboy-style" actions by the government.

Solomon Islands

Prime Minister Facing Challenge to Leadership

BK1010083190 Hong Kong AFP in English 0552 GMT 10 Oct 90

[Report by Johnson Honimae]

[Text] Honiara, Oct 10 (AFP)—Prime Minister Solomon Mamaloni, who is embroiled in a row over a loan, faces a leadership challenge by members of his own party at its annual convention here next week.

Mr. Mamaloni, a founding member of the Solomon Islands People Alliance Party, has been its parliamentary leader since independence in 1978.

A no-confidence motion submitted to party President David Kausimae by three members calls for the immediate election of a new parliamentary leader "who will be the sole party candidate in the election of a new prime minister." The move follows a row over the reported involvement of Mr. Mamaloni, his Finance Minister Columbus Abe and backbench MP Alex Barlett in efforts to obtain a 250 million U.S. dollars loan from a little known Italian company called Esca.

Mr. Mamaloni is said to have appointed Italian Roberto Coppola as Solomon Islands representative in the Middle East and to have negotiated the loan without Cabinet approval. Mr. Coppola is now in the custody of Italian police who found in his possession a number of diplomatic passports, mostly from African countries with which he is reported to have done business. He is also being held on drug charges.

The issue triggered a no-confidence motion by the opposition in parliament early this year, but it was defeated by the ruling alliance party's majority. But alliance party General Secretary Edward Kingmele said recently that the loan scandal had damaged the reputation not only of the party, but of the country. Mr. Mamaloni's attitude to visiting foreign dignitaries has also been questioned by supporters as well as opponents. Since becoming prime minister in April, 1989, he has refused to meet a number of visiting dignitaries including the foreign ministers of Australia and Britain. He is also being blamed for rising prices, a falling currency value and falling overseas reserves, which now stand at the equivalent of one month's exports.

The prime minister has yet to comment on the challenge to his leadership, which will be mounted at the party convention Friday week, but observers say it is certain he will fight it to the last. His position is said to be strengthened by lack of an obvious successor. Deputy Prime Minister Danny Philip is an independent brought into cabinet by Mr. Mamaloni and believed unacceptable to the alliance party. An alternative could be the present foreign minister and former governor general Sir Baddeley Devesi, but he does not yet have strong backing within the party.

Opposition leader Andrew Nori said the alliance party had waited too long to solve its leadership crisis and claimed the prime minister had allowed the country to sink "so low that it has lost all sense of honour." The opposition has called on the alliance party to assist in installing an effective government with a leadership that will restore the Solomon Islands' image and respectability.